



**ADMEDUS LTD
ACN 088 221 078**

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

AND

EXPLANATORY MEMORANDUM

**TO BE HELD AT 11:00 AM (BRISBANE TIME) ON
THURSDAY, 16 NOVEMBER 2017**

AT

**NOVOTEL BRISBANE
200 CREEK STREET
BRISBANE, QUEENSLAND**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (0)8 9266 0100

ADMEDUS LTD

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of shareholders of Admedus Ltd (**Company**) will be held at Novotel Brisbane, 200 Creek Street, Brisbane, Queensland on Thursday, 16 November 2017 at 11:00 am (Brisbane time) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on 14 November 2017 at 4:00 pm (Brisbane time).

Terms and abbreviations used in this Notice, including the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

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

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or

- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Mr John Seaberg as Director

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

"That, pursuant to and in accordance with Listing Rule 14.4, article 15.2 of the Constitution and for all other purposes, Mr John Seaberg, Director, retires and being eligible for re-election pursuant to articles 15.2 and 15.3 of the Constitution is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 – Election of Dr Simon Buckingham as Director

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

"That, pursuant to and in accordance with Listing Rule 14.4, article 15.5 of the Constitution and for all other purposes, Dr Simon Buckingham, Director, who was appointed as a Director on 16 February 2017, retires and being eligible for election pursuant to article 15.5 of the Constitution is elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 – Director's Deed of Indemnity, Access and Insurance

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

"That, pursuant to and in accordance with chapters 2D and 2E of the Corporations Act and for all other purposes approval be given to the Company to:

- (a) indemnify Dr Simon Buckingham during his Office and after the cessation of that Office, in respect of certain claims made against Dr Simon Buckingham in relation to the period of his Office;*
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for Dr Simon Buckingham in respect of certain claims made against Dr Simon Buckingham in relation to the period of his Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) use its reasonable endeavours to ensure that Dr Simon Buckingham is at all times covered under an insurance policy for the period of seven years from the date that Dr Simon Buckingham ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to Dr Simon Buckingham than the terms of insurance applicable at the date of termination of his Office, and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*

- (d) *provide Dr Simon Buckingham with access, upon the termination of his Office, for a period of not less than seven years following that termination, to any Company records which are either prepared or provided by him during the period of his Office,*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Simon Buckingham and any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (a) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

6. Resolution 5 – Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of 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."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

7. Resolution 6 – Approval of Employee Incentive Plan

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

"That, pursuant to and in accordance with Listing Rule 7.2, exception 9 and for all other purposes, Shareholders approve the Plan and the grant of Rights, Options and Restricted Shares and the issue of the underlying Shares of such Rights and Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



Maja McGuire
Company Secretary
Dated: 4 October 2017

ADMEDUS LTD

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Novotel Brisbane, 200 Creek Street, Brisbane, Queensland on Thursday, 16 November 2017 at 11:00 am (Brisbane time).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Adoption of Remuneration Report
Section 5:	Resolution 2 – Re-election of Mr John Seaberg as Director
Section 6:	Resolution 3 – Election of Dr Simon Buckingham as Director
Section 7:	Resolution 4 – Director's Deed of Indemnity, Access and Insurance
Section 8:	Resolution 5 – Approval of 10% Placement Facility
Section 9:	Resolution 6 – Approval of Employee Incentive Plan
Schedule 1:	Definitions
Schedule 2:	Listing Rule 7.3A.6 Disclosure
Schedule 3:	Terms of Deed of Indemnity, Insurance and Access
Schedule 4	Summary of Material Terms of the Plan

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice, including this Explanatory Memorandum, carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 11:00 am (Brisbane time) on 14 November 2017, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2.3 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)

A vote on Resolutions 4, and 7 to 10 (inclusive) must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Annual Report

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at <http://www.admedus.com/annualreports/>;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2016 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 – Re-election of Mr John Seaberg as Director

In accordance with Listing Rule 14.4 and article 15.2 of the Constitution, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment, or three years, whichever is longer.

Mr Seaberg was last re-elected at the 2016 annual general meeting of the Company.

A Director retiring by rotation is eligible for re-election pursuant to articles 15.2 and 15.3 of the Constitution.

Resolution 2 provides that Mr Seaberg retires by rotation and seeks re-election as a Director.

Details of Mr Seaberg's background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Seaberg) supports the re-election of Mr Seaberg and recommends that Shareholders vote in favour of Resolution 2.

6. Resolution 3 – Election of Dr Simon Buckingham as Director

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 15.5 of the Constitution allows the Directors to appoint a person to fill a casual vacancy or as an addition to the existing Directors at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for election at that meeting.

Dr Buckingham was appointed as a Director on 16 February 2017. Resolution 3 provides Dr Buckingham retires from office and seeks election as a Director.

Details of Dr Buckingham's background and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Dr Buckingham) supports the election of Dr Buckingham and recommends that Shareholders vote in favour of Resolution 3.

7. Resolution 4 – Director's Deed of Indemnity, Access and Insurance

7.1 General

The purpose of Resolution 4 is to enable the Company to provide Dr Buckingham with a reasonable level of protection in relation to claims made against him in relation to the period of his Office.

Resolution 4 is an ordinary resolution.

Given the duties and responsibilities of Dr Buckingham, a Director, and his potential liabilities, the Board considers it appropriate that Dr Buckingham be suitably protected from certain claims made against him. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As Dr Buckingham may be called to account for his actions several years after ceasing to hold Office, it is considered reasonable that suitable protection should extend for a period of time after Dr Buckingham has ceased to hold Office.

It is generally recognised that an officer or former officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the officer ceases to hold office. Difficulties may arise by reason of the following:

(a) **No indemnity after cessation of Office**

While a company's constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an officer of a bodies corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

(b) **Maintenance of insurance policies**

Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time an officer ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the company.

(c) **Access to Board papers**

In accordance with section 198F of the Corporations Act, officers have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for seven years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the officer is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a company without suitable protection being provided by the company. The benefit to such company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

7.2 Summary of the Deed of Indemnity, Insurance and Access

The Company and Dr Buckingham have entered into a deed of indemnity, access and insurance (**Deed of Indemnity**) which, subject to Shareholder approval, requires:

- (a) the Company to indemnify Dr Buckingham during his Office and after the cessation of that Office, in respect of certain claims made against such in relation to the period of his Office to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates for Dr Buckingham to the extent available under the Corporations Act, in respect of certain claims made against Dr Buckingham in relation to the period of his Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company) and to continue to pay those premiums for a period of up to seven years following the termination of his Office;
- (c) the Company to provide Dr Buckingham with access, upon ceasing for any reason to hold Office and for a period of up to seven years following that cessation, to any Company records which are either prepared or provided by Dr Buckingham during the period which he held Office.

The Deed of Indemnity will also require Dr Buckingham to maintain confidentiality and to protect the Company's intellectual property.

A summary of the key terms of the Deed of Indemnity is set out in Schedule 3.

Resolution 4 seeks Shareholder approval for the Deed of Indemnity.

7.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 4, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to officers. The Deed of Indemnity for which Shareholder approval is sought under Resolution 4 complies with these limitations.

(a) Section 199A of the Corporations Act

The Corporations Act sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or

- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he or she cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the officer is found guilty;
- (iii) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

(b) **Section 199B of the Corporations Act**

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of a Director, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

7.4 Section 200B of the Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Details for Dr Buckingham were included in the 2017 Director's Report.

The Directors consider that as the:

- (a) proposed payment of insurance premiums;
- (b) benefit of the indemnity in relation to liabilities incurred during the period Dr Buckingham holds Office; and
- (c) access to Company records,

continue for a period of up to seven years after Dr Buckingham ceases to hold Office, each may be viewed as the provision of a benefit given "in connection with" the retirement for the purposes of section 200B of the Corporations Act.

7.5 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

For the purposes of section 208 of the Corporations Act, Dr Buckingham is considered to be a related party of the Company.

The provision of insurance and indemnity to Dr Buckingham may involve the provision of a financial benefit to a related party of the Company within the prohibition in chapter 2E of the Corporations Act. The Directors consider that, although the payment of insurance premiums and the provision of indemnity by the Company are "reasonable in the circumstances" of the Company and therefore are exceptions from the prohibition in Chapter 2E of the Corporations Act, consideration of the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the Shareholders of the Company.

7.6 Specific Information required by sections 200E and 219 of the Corporations Act

In accordance with section 200E and section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed Resolution 4:

- (a) The Company has taken out an insurance policy which will provide insurance cover for Dr Buckingham against all permitted liabilities incurred by Dr Buckingham (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company).
- (b) The annual insurance premium is calculated at market rates applicable at the time of renewal.
- (c) Dr Buckingham is a related party of the Company to whom the proposed Resolution would permit the giving of a benefit.
- (d) The nature of the benefit to be given to Dr Buckingham is the benefit under the Deed of Indemnity, the terms of which are summarised in Section 7.2 and Schedule 3.
- (e) Dr Buckingham received the following remuneration and emoluments from the Company (including share based payments) in the financial year ending 30 June 2017:

Name of Officer	Salary and fees (\$)	Superannuation (\$)	Share based payments	Other	Total remuneration (\$)
Dr Simon Buckingham	36,798	3,680	None	None	40,478

- (f) Dr Buckingham expects to receive the following remuneration and emoluments from the Company (including share based payments) in the financial year ending 30 June 2018:

Name of Officer	Salary and fees (\$)	Superannuation (\$)	Share based payments	Other	Total remuneration (\$)
Dr Simon Buckingham	100,000	10,000	None	None	110,000

- (g) The current relevant interests in security holdings of Dr Buckingham is as follows:

Name of Officer	Shares	Options/ Warrants
Dr Simon Buckingham	None	None

- (h) The Directors of the Company (excluding Dr Buckingham) each of whom has no interest in the outcome of Resolution 4, recommends Shareholders vote in favour of Resolution 4 as they consider, given the duties and responsibilities of Dr Buckingham, he should be suitably protected from certain claims made against him in relation to the period of his Office. Dr Buckingham has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation.
- (i) A voting exclusion is contained in the Notice for this Resolution 4.
- (j) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 4.

8. Resolution 5 – Approval of 10% Placement Facility

8.1 General

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 Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) below).

The Directors believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5 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).

The Chairman intends to exercise all available proxies in favour of Resolution 5.

8.2 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 the Notice, has on issue one quoted class of Equity Securities, being Shares.

(c) Formula for calculating 10% Placement Facility

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 x D) – E

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

- (A) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) 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 Shareholder approval under Listing Rule 7.1 or 7.4.

(d) 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 the Notice, the Company has on issue 254,795,534 Shares and therefore will have capacity to issue:

- (i) 38,219,330 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 5, 25,479,553 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 (refer to Section 8.2(c) above).

(e) **Minimum Issue Price**

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

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

(f) **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:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval 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,

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

8.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

8.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided 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 immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) 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 or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.13 50% decrease in Issue Price	\$0.26 Issue Price	\$0.52 100% increase in Issue Price
Current Variable A 254,795,534 Shares	10% Voting Dilution	25,479,553 Shares	25,479,553 Shares	25,479,553 Shares
	Funds raised	\$3,312,342	\$6,624,684	\$13,249,368
50% increase in current Variable A 382,193,301 Shares	10% Voting Dilution	38,219,330 Shares	38,219,330 Shares	38,219,330 Shares
	Funds raised	\$4,968,513	\$9,937,026	\$19,874,052
100% increase in current Variable A 509,591,068 Shares	10% Voting Dilution	50,959,107 Shares	50,959,107 Shares	50,959,107 Shares
	Funds raised	\$6,624,684	\$13,249,368	\$26,498,736

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) 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%.
 - (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (iv) 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.
 - (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vi) The issue price is \$0.26, being the closing price of the Shares on ASX on 3 October 2017.
- (e) The Company will only issue Equity Securities under the 10% Placement Facility during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid if 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).
- (f) The Company may seek to issue the Equity Securities under the 10% Placement Facility for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources, 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 to:
 - (A) make improvements in the manufacturing division to increase yields and gross margins on the regenerative tissue range;

- (B) expand the regenerative tissue range, including the release of new products into the market this financial year;
 - (C) refine the research and development portfolio with a focus on products that are near to market; and
 - (D) fund new market expansion across emerging markets and new product ranges.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.
- (h) 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 subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of related parties of the Company.
- (j) In the 12 months preceding the date of the Meeting the Company issued 6,110,841 Equity Securities which represent 2.26% of the total number of Equity Securities on issue at 16 November 2017. Further detail as required under Listing Rule 7.3A.6 in respect of these Share issues is set out in Schedule 2.
- (k) A voting exclusion statement is included in the Notice for Resolution 5.
- (l) 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.

8.5 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

9. Resolution 6 – Approval of Employee Incentive Plan

9.1 General

The Company proposes to implement a long-term employee incentive scheme, the 'Admedus Ltd Employee Incentive Plan', on the terms and conditions summarised in Schedule 4 (**Plan**).

The Plan is intended to assist the Company to attract and retain key employees. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Plan will assist with:

- (a) attracting, motivating and retaining employees;
- (b) delivering rewards to employees for individual and Company performance; and
- (c) aligning the interests of employees with those of Shareholders.

Resolution 6 is an ordinary resolution.

9.2 Listing Rule 7.1 and Listing Rule 7.2, Exception 9

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to convert to equity (such as a performance right), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 9 provides an exception to Listing Rule 7.1. The effect of Shareholder approval under Listing Rule 7.2, exception 9 is that any issues of securities under the Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, exception 9 lasts for a period of three years.

A summary of the material terms of the Plan is set out in Schedule 4 to this Notice. A copy of the Plan can be obtained by contacting the Company.

9.3 Specific information required by Listing Rule 7.2

In accordance with Listing Rule 7.2 exception 9, information is provided as follows:

- (a) The material terms of the Plan are summarised in Schedule 4.
- (b) This is the first approval sought under Listing Rule 7.2, exception 9 with respect to the Plan.
- (c) No securities have been issued under the Plan.
- (d) A voting exclusion statement is included in the Notice for Resolution 6.

Schedule 1 - Definitions

In the Notice, including this Explanatory Memorandum:

\$ means Australian dollars.

10% Placement Facility has the meaning given in Section 8.1.

10% Placement Period has the meaning given in Section 8.2.

Access Period means the date commencing on the date Dr Buckingham was appointed as a director of that Relevant Company, and expiring on the date which is seven years after the date of retirement.

Annual Report means the Directors' Report, the Financial Report and the Auditors' Report in respect to the financial year ended 30 June 2017.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors from time to time.

Chairman means the person appointed to chair the Meeting, or any part of the Meeting, convened by this Notice.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company means Admedus Ltd ACN 088 221 078.

Constitution means the constitution of the Company.

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

Deed of Indemnity has the meaning given in Section 7.2.

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Excluded Liabilities means any liability arising out of the conduct of the Director involving a wilful breach of duty in relation to the Company or a contravention of sections 182 or 183 of the Corporations Act.

Explanatory Memorandum means this explanatory memorandum.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

GST means Goods and Services Tax.

Insurance Run-off Period has the meaning given in Resolution 4.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of the ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Office means office as an Officer.

Officer means a current officer of the Company as defined in section 9 of the Corporations Act.

Option means an option to acquire a Share.

Plan has the meaning given to it in section 9.1.

Proxy Form means the proxy form attached to the Notice.

Relevant Company means the Company and subsidiary of the Company, within the meaning of section 9 of the Corporations Act and refers to any corporation of that kind whenever it becomes a subsidiary.

Retention Period means a period:

- (a) commencing on the later of:
 - (i) the date being seven years before the date of the Deed of Indemnity; and
 - (ii) the date of registration of the Company; and
- (b) expiring on the date seven years after the date of retirement of Dr Buckingham.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution in the Notice.

Schedule means the schedule to the Notice.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a holder of a Share.

Strike has the meaning given in Section 4.

Subsidiary has the meaning given in section 9 of the Corporations Act and refers to any corporation of that kind whenever it becomes a subsidiary.

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.

Warrant means a warrant convertible into a Share.

In the Notice, including this Explanatory Memorandum, words importing the singular include the plural.

Schedule 2 – Listing Rule 7.3A.6 Disclosure

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount to market price (per cent.)	Consideration	
1.	18 November 2016	200,000	Unlisted options with an exercise price of \$0.34, expiring on 18 November 2021	Eligible employees under the Company's employee option plan	N/A	N/A	Non-cash consideration paid:	Issued as incentive to employees.
							Current value of non-cash consideration:	Based on the Black Scholes pricing model, the market price of traded Shares on 3 October 2017 of \$0.26, the options would have a value of \$25,079.99.
2.	1 December 2016	3,000,000	Fully paid ordinary shares ranking equally with the Company's existing shares, subject to a 12 month escrow period	Persons pursuant to a confidential settlement of legal proceedings as announced on 9 September 2016	N/A	N/A	Non-cash consideration paid:	Issued as a confidential settlement of legal proceedings as announced on 9 September 2016
							Current value of non-cash consideration:	\$800,000 - Value of Shares based on closing price of Shares on ASX on 3 October 2017, being \$0.26
3.	7 December 2016	60,841	Fully paid ordinary shares ranking equally with the Company's existing shares	Matthew Ratty, a director and related party of the Company	\$0.3616 (5 day VWAP at 6 December 2016) (Total: \$22,000)	Close: \$0.360 Premium: 4.44%	Non-cash consideration paid:	Issued in lieu of director fees
							Current value of non-cash consideration:	\$15,818 - Value of Shares based on closing price of Shares on ASX on 3 October 2017, being \$0.26

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount to market price (per cent.)	Consideration	
4.	10 April 2017	1,700,000	Unlisted options with an exercise price of \$0.34, expiring on 23 March 2022	Eligible employees under the Company's employee option plan	N/A	N/A	Non-cash consideration paid:	Issued as incentive to various employees.
							Current value of non-cash consideration:	Based on the Black Scholes pricing model, the market price of traded Shares on 3 October 2017 of \$0.26, the options would have a value of \$222,490.49.
5.	22 September 2017	1,150,000	Unlisted options with an exercise price of \$0.26, expiring on 22 September 2022	Eligible employees under the Company's employee option plan	N/A	N/A	Non-cash consideration paid:	Issued as incentive to various employees.
							Current value of non-cash consideration:	Based on the Black Scholes pricing model, the market price of traded Shares on 3 October 2017 of \$0.26, the options would have a value of \$176,550.11.

Schedule 3

Terms of Deed of Indemnity, Insurance and Access

1. Summary

The contents of this Schedule 3 are provided by way of summary only. If there is any inconsistency between the contents of this Schedule, and the terms of the Deed of Indemnity, the latter shall prevail.

2. Indemnity

Subject to the terms of the Deed of Indemnity, the Company agrees to indemnify and keep indemnified the Director against all liabilities and all legal expenses incurred by the Director as an Officer of a Relevant Company (**Indemnity**).

3. Limitations on Indemnity

The Indemnity granted does not extend to any liability owed to a Relevant Company, a pecuniary penalty or a compensation order under the Corporations Act, or liability that is owed to someone other than a Relevant Company that did not arise out of good faith.

In addition, Indemnity granted for legal expenses will not apply where the legal costs are incurred as a result of a defending or resisting:

- (a) a proceeding where the Director is found guilty;
- (b) a proceeding brought by ASIC or a liquidator of a court order;
- (c) proceedings for relief to the Director under the Corporations Act where the Court denies relief; or
- (d) proceedings where the Director is liable due reasons set out in the previous paragraph.

4. Payment under the Indemnity

The liability of the Company under the Indemnity arises simultaneously with the liability of the Director and upon demand by the Director, the Company must pay the Director any sum due and payable by it pursuant to the Indemnity.

5. Liability not affected

The liability of the Company under the Deed of Indemnity will not be affected by any act, omission, matter or thing that would otherwise operate in law or in equity to reduce or release the Company from such liability.

6. Insurance

Subject to the terms of the Deed of Indemnity, the Company undertakes to ensure that throughout the term of the Director's Office and the Insurance Run-Off Period, that it will procure and pay the premium for, an insurance policy which insures the Director against all liabilities other than Excluded Liabilities.

7. Particulars of insurance

The insurance policy must be with a reputable and solvent insurer, and the Company must insure the Director for costs incurred by the Director in defending proceedings whether civil or criminal, except to the extent that the Company:

- (a) may be unable to obtain insurance to defend criminal proceedings where the Director is not acquitted; and

- (b) cannot insure for Excluded Liabilities.

8. Insurance Run-off Period

During the Insurance Run-off Period, the Company must ensure that the Director is at all times covered under the insurance policy, or a further insurance policy being on terms not materially less favourable to the Director than the terms of the previous insurance policy.

9. Ownership

The Director acknowledges that a Relevant Company retains full ownership of copies of all records provided to the Director by a Relevant Company during the Director's term of Office, and the Director agrees to return to a Relevant Company, or provide a written undertaking that the Director has destroyed, all copies of such company records in accordance with Board policy as applying from time to time.

10. Confidentiality

The Director acknowledges and covenants that the Director will not disclosure information contained in the Company's records that may be confidential to third parties without the prior written consent of the Company.

11. Exceptions to confidentiality

Under the terms of the Deed of Indemnity, the Director may only disclose confidential information under the following circumstances:

- (a) to the Director's expert, including legal and financial advisers for the purpose of obtaining advice or conducting proceedings provided that the Director obtain an undertaking of confidentiality from those advisers, and/or insurer or prospective insurer in connection with the effecting, maintaining and complying with the terms of an insurance policy;
- (b) if required by a contract to which the Company is a party or under compulsion of law;
- (c) if required by any Listing Rule;
- (d) to other Officers of the Company;
- (e) for the purpose of allowing the Director to perform his duties as an Officer of the Company; or
- (f) to any person for the purpose of conducting or defending proceedings.

12. Director's right to have access

Under the terms of the Deed of Indemnity, the Director is entitled to have access to and inspect the Company records throughout the Access Period, which have either been prepared or provided to the Director during the Retention Period and are relevant to:

- (a) the Director's holding of Office in respect of a Relevant Company; or
- (b) any claim which the Director reasonable anticipates may be made against the Director.

13. Obligations of Director

The Director is obliged to:

- (a) notify the Company if proceedings are anticipated, threatened or commenced against the Director which may give rise to a liable of any Relevant Company;
- (b) not settle any claim in paragraph (a) or make any admission or payment in relation to such a claim without prior written consent of the Company;
- (c) provide the Company with a copy of any originating proceedings or other materials served on, supplied to, or in the possession of the Director in connection with the proceeding, unless the Director receives legal advice that it may cause substantial or material prejudice to the interests of the Director;
- (d) at the direction and cost of the Company, take such action as the Company may reasonably require to avoid, dispute, defend or appeal any action connected with a possible claim under the Deed of Indemnity; and
- (e) assist a Relevant Company to the best of the Director's abilities in any action a Relevant Company takes to avoid, dispute, defend or appeal any action connected with a possible claim under the Deed of Indemnity.

14. Obligations of Company

The Company is obliged to notify the Director if:

- (a) proceedings are anticipated, threatened or commenced against any Relevant Company; and
- (b) such proceedings or the facts giving rise to them may:
 - (i) result in a claim against the Director; or
 - (ii) require the Director to consider his or her legal position.

15. Merger

Where the Company merges with another entity by way of scheme of arrangement or in any other way where the Company ceases to exist, the Company will ensure that the merged entity succeeds and assumes the Company's obligations under the Deed of Indemnity.

16. Shareholder Approval

Provisions of the Deed of Indemnity which would contravene the Corporations Act or any other law but for the approval of Shareholders will not become operative until such approval has been obtained.

Schedule 4

Summary of the Material Terms of the Plan

Capitalised terms used in this Schedule 4 which have not been defined have the meaning given in Schedule 1.

The main features of the Plan (and the terms and conditions to be attached to the Performance Rights Plan) are summarised as follows:

1. Eligible Participants

Any employee (including any executive director) of the Company or a Group Company, or any other person so designated by the Board (**Employee**).

Group Company means any member of the Group. **Group** means the Company, its subsidiaries and any other entity declared by the Board to be a member of the Group for the purposes of the Plan.

2. Grant of Awards

The Board may invite an Employee to apply for the grant of, or grant an Employee, the following **Awards**:

- (a) Rights;
- (b) Options; and
- (c) Restricted Shares.

Option means an entitlement to acquire a Share (or to receive the cash equivalent value or acquire a share equivalent number of Shares, at the discretion of the Board) subject to satisfaction of Conditions and compliance with the applicable exercise procedure (including payment of any applicable Exercise Price), granted to a Participant under the Plan on the terms and conditions determined by the Board.

Participant means an Employee who has been granted Awards under the Plan.

Restricted Share means a Share that is subject to a trading restriction and may be forfeited (until the satisfaction of Conditions), or is subject only to a trading restriction.

Right means an entitlement to acquire a Share (or to receive the cash equivalent value, at the discretion of the Board) subject to satisfaction of Conditions and compliance with the applicable exercise procedure, granted to a Participant under the Plan on the terms and conditions determined by the Board.

3. Limit on Issue of Awards

The Board may issue Awards up to a maximum of 5% of the Company's issued capital on such terms as the Board approves from time to time.

4. Individual Limits

The Plan does not set out a maximum number of Awards that may be made issuable to any one Participant.

5. Consideration Payable

Any amount payable upon grant of an Award or exercise of an Option (if any) will be detailed in a written invitation (**Invitation Letter**).

6. Offer and Performance Conditions

Vesting of Awards may be subject to performance or service related conditions (**Conditions**) which will be specified in the Invitation Letter.

7. Cash Settlement

Provided such discretion was stated in the Invitation Letter, exercised Rights or Options may be satisfied, at the discretion of the Board, in cash rather than Shares, by payment to the Participant of the cash equivalent value, net of applicable taxes and other withholdings, and in the case of Options, less any exercise price that would have been payable by the Participant (and no exercise price is required to be paid by the Participant).

8. Expiry Date and Lapse

The Invitation Letter will detail the time and circumstances when Awards lapse or may be forfeited.

Subject to the Board's overriding discretion, unvested Rights and Options will lapse upon the earliest to occur of:

- (a) the date specified in the Invitation Letter;
- (b) failure to satisfy the Conditions by the end of the applicable period;
- (c) circumstances specified in the Plan including cessation of employment, fraud, or breach of obligations; or
- (d) the 15th anniversary of the date of grant of the Award.

9. Ceasing Employment

Subject to employment ceasing due to resignation or termination for cause, and the Board's discretion, if a Participant ceases to be an Employee prior to the Awards vesting:

- (a) a pro-rata number (based on the proportion of the period that has elapsed at the time of cessation) of the Participant's unvested Awards will not lapse on cessation and may vest to the extent that the Conditions have been satisfied when tested at the end of the applicable period in accordance with (and any service related Conditions will be deemed to have been satisfied); and
- (b) any Awards which are not eligible to be tested, or do not vest following testing at the end of the period, will lapse or be forfeited immediately.

Subject to the Board's discretion, if a Participant ceases to be an Employee due to death, all unvested Awards will be transferred to the Participant's estate in accordance with all relevant laws, and will be treated in accordance with the above.

Subject to the Board's discretion, if a Participant ceases to be an Employee prior to the Awards vesting by reason of:

- (a) resignation; or
- (b) termination for cause (including gross misconduct),

any Awards which have not vested will lapse or be forfeited upon cessation of employment with the Group.

If a Participant ceases to be an Employee prior to the end of a period for any reason then the Board may, in respect of any Awards which have not vested at the date of cessation of the Participant's employment, determine that:

- (a) all or such other number of the Participant's unvested Awards will vest to the extent that the Conditions have been satisfied when tested at the end of the applicable Period (and where the Conditions include service related conditions, the service related conditions will be deemed to have been satisfied);
- (b) all or such other number, of the Participant's unvested Awards will vest to the extent that the Conditions have been satisfied when tested at the time of cessation of employment;
- (c) any applicable Conditions or periods in respect of some or all of the Awards will be modified or waived; or
- (d) some or all of the unvested Awards lapse (and that such lapse will occur on the date employment ceases).

In making any such determination, the Board may have regard to any matter the Board considers relevant, including, but not limited to:

- (a) the proportion of the period that has elapsed at the time of cessation of employment;
- (b) the degree to which the Conditions have been (or are estimated to have been) achieved;
- (c) the Participant's individual performance during the period; or
- (d) the manner of or circumstances surrounding the Participant's cessation of employment.

10. Transferability

The grant of an Award is personal and is only transferable:

- (a) with the consent of the Board; or
- (b) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

11. Prohibition against Dealing and Hedging

A Participant must not deal in the Awards (other than in accordance with the above transferability provisions) and must not enter into any scheme, arrangement or agreement (including options and derivative products) under which the Participant may alter the economic benefit to be derived from any Awards that remain subject to the Plan, irrespective of future changes in the market price of Shares.

12. Forfeiture

Where the Participant deals in Awards, or transfers an Award, other than in accordance with the rules, or enters, or purports to enter, into any scheme, arrangement or agreement described in paragraph 11, the Board may determine that the relevant dealing does not take effect or that the Award immediately lapses or is forfeited, as applicable.

Subject to the Board's overriding discretion, a Participant's unvested Restricted Shares will be forfeited upon the earliest to occur of:

- (a) failure to satisfy the Conditions by the end of the relevant period;
- (b) circumstances specified in the Plan including cessation of employment, fraud, or breach of obligations; or
- (c) the date specified in the Invitation Letter.

Awards may be forfeited following cessation of employment, as detailed in paragraph 9.

Rights or Options may be forfeited following a variation in share capital, as detailed in paragraph 15.

13. Entitlements

Rights and Options: A Participant shall not be entitled to vote, receive dividends, or have any other rights of a Shareholder in respect of the Rights and Options until the underlying Shares are allocated to the Participant following vesting and exercise (as the case may be), of the Rights and Options.

Restricted Shares: unless the Board determines otherwise, a Participant shall be entitled to vote, receive dividends and, subject to applicable trading restrictions, have all rights of a Shareholder in respect of Restricted Shares allocated to him or her under the Plan. Whilst Restricted Shares are subject to trading restrictions under the Plan, the rights and entitlements attaching to them must be exercised in accordance with the Plan.

14. Takeover Bid or Change of Control

For the purposes of the Plan **Event** means where:

- (a) a takeover bid is made for the Company and the Board resolves to recommend the bid to Shareholders of the Company;
- (b) a court convenes a meeting of Shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the Shares in the Company may change;
- (c) a notice is sent to Shareholders of the Company proposing a resolution for the winding up of the Company; or
- (d) any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company.

A **Change of Control** occurs where, as a result of any Event or transaction, a person becomes entitled to more than 50% of the Shares or to all or substantially all of the Group's business and assets.

If an Event occurs prior to the vesting of an Award, then the Board may, within 14 days of the Event, determine in its absolute discretion the treatment of the Participant's unvested Awards and the timing of such treatment, which may include determining that the unvested Awards:

- (a) vest (whether subject to further Conditions or not);
- (b) remain subject to the applicable Conditions and/or period(s);

- (c) become subject to substitute or varied Conditions and/or period(s) which, in the view of the Board, are no more difficult to achieve than the original Conditions and/or no longer than the original period(s) (as applicable); or
- (d) in respect of Rights and Options, may only be settled in cash pursuant to the Plan, or with securities other than Shares,

having regard to any matter the Board considers relevant, including, without limitation, the circumstances of the Event (including the value being proposed to Shareholders), the extent to which the applicable Conditions have been satisfied (or estimated to have been satisfied) at the time of the Event and/or the proportion of the period that has passed at the time of the Event.

Where the Board does not exercise its discretion, upon a Change of Control, a pro-rata number (based on the proportion of the period that has elapsed at the time of cessation) of the Participant's unvested Awards will vest based on the extent to which any applicable Conditions, other than service related conditions have been satisfied (or are estimated to have been satisfied). Where the Conditions include service related conditions, the service related conditions will be deemed to have been satisfied.

15. Variation in Share Capital

Appropriate adjustment will be made to the number of Rights and Options in accordance with the Listing Rules in the event of a Variation of Capital Event.

A **Variation of Capital Event** means an event where one of the following occurs:

- (a) any reorganisation (including consolidation, subdivision, reduction, return or special dividend) in relation to the issued capital of the Company;
- (b) Shares are issued to the Company's Shareholders by way of a bonus issue; or
- (c) Shares are offered to the Company's Shareholders by way of a rights issue.

16. Pro Rata Issue of Securities or Bonus Issue

If there is a pro-rata issue or bonus issue of new Shares to Shareholders:

- (a) each Participant who has been allocated Rights and/or Options may not participate in the new issue until his or her Rights and/or Options have vested and, if applicable, have been exercised; and
- (b) the exercise price, or number of Shares over which the Rights and/or Options may vest or may be exercised, as applicable, will, in the case of a pro-rata issue, be adjusted in accordance with Listing Rule 6.22.2 (or any replacement rule) and, in the case of a bonus issue, be adjusted in accordance with Listing Rule 6.22.3 (or any replacement rule).

17. Divestment of a Material Business or Subsidiary

Where the Company divests, or disposes of, a business or asset designated by the Board for this purpose as 'material', the Board may make special rules that apply to Participants. Any special rules will be notified to a Participant in order to become binding on that Participant.

18. Amendment

The Board may in its discretion amend the Plan from time to time. It will notify any Participants affected by the amendments. No amendments may materially reduce the rights of any Participant attaching to Awards previously granted under the Plan, unless the amendment is made for the purpose of complying with the Listing Rules or any applicable law.

