

12 April 2019

ASX ANNOUNCEMENT

ASX Market Announcements
Australian Securities Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Admedus Limited (ASX:AHZ)

NOTICE OF ANNUAL GENERAL MEETING

Admedus Ltd Annual General Meeting for the financial year ended 31 December 2018 will be held at 9:30 AM AEST on Tuesday, 14 May 2019 at:

Hotel Grand Chancellor
23 Leichardt Street
BRISBANE, QUEENSLAND

The Notice of Meeting and Explanatory Memorandum, Voting Form and Independent Expert's Report (in relation to Resolution 6 – Immunotherapies Transaction) is being mailed to all shareholders. A copy of these documents follows this announcement and they can be viewed on the Admedus website at www.admedus.com.au.

The Admedus Annual Report will also be mailed to those shareholders who have elected to receive a printed copy of this document. A copy of this document has been lodged with the ASX today and is available on the Admedus website at www.admedus.com.au.

ENDS

For and on behalf of the Board

A handwritten signature in grey ink, appearing to read 'Stephen Denaro'.

Stephen Denaro
Company Secretary

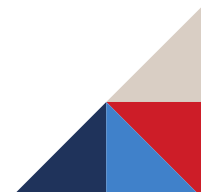
Admedus Limited

Registered Office:

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ADMEDUS LTD
ACN 088 221 078

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

AND

EXPLANATORY MEMORANDUM

**TO BE HELD AT 09:30 AM AEST ON
TUESDAY, 14 MAY 2019**

AT

**Hotel Grand Chancellor
23 Leichardt 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)7 3152 3200

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 Hotel Grand Chancellor, 23 Leichardt Street, Brisbane, Queensland on Tuesday 14 May 2019 at 9.30 am AEST (**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 12 May 2019 at 7:00 pm AEST.

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 31 December 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – 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 non-executive Director of the Company."

Directors' recommendation

The Board (excluding Mr John Seaberg) supports the re-election of Mr John Seaberg and unanimously recommends that Shareholders vote in favour of Resolution 1.

3. Resolution 2 – Election of Ms Lishan Zhang 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, Ms Lishan Zhang, Director, who was appointed as a Director on 12 December 2018, retires and being eligible for re-election pursuant to article 15.3 of the Constitution is elected as a Director on the terms and conditions in the Explanatory Memorandum."

Directors' recommendation

The Board (excluding Ms Lishan Zhang) supports the election of Ms Lishan Zhang and unanimously recommends that Shareholders vote in favour of Resolution 2.

4. Resolution 3 – Election of Mr Yanheng Wu 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, Mr Yanheng Wu, Director, who was appointed as a Director on 12 December 2018, retires and being eligible for re-election pursuant to article 15.3 of the Constitution is elected as a Director on the terms and conditions in the Explanatory Memorandum."

Directors' recommendation

The Board (excluding Mr Yanheng Wu) supports the election of Mr Yanheng Wu and unanimously recommends that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Election of Mr Wenyi Gu 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, Mr Wenyi Gu, Director, who was appointed as a Director on 4 October 2018, retires and being eligible for re-election pursuant to article 15.3 of the Constitution is elected as a Director on the terms and conditions in the Explanatory Memorandum."

Directors' recommendation

The Board (excluding Mr Wenyi Gu) supports the election of Mr Wenyi Gu and unanimously recommends that Shareholders vote in favour of Resolution 4.

6. Resolution 5 – Election of Mr Stephen Denaro 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, Stephen Denaro, Director, who was appointed as a Director on 31 October 2018, retires and being eligible for re-election pursuant to article 15.3 of the Constitution is elected as a Director on the terms and conditions in the Explanatory Memorandum."

Directors' recommendation

The Board (excluding Mr Stephen Denaro) supports the election of Mr Stephen Denaro, and unanimously recommends that Shareholders vote in favour of Resolution 5.

7. Resolution 6 – Approval of Immunotherapies Transaction

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

"That for the purposes of Listing Rule 10.1 and for all other purposes, the Shareholders approve the sale of 118,114,252 ordinary shares in Admedus Vaccines Pty Ltd by Admedus Investments Pty Ltd to Constellation Therapeutics Limited (a company associated with Ms Lishan Zhang, Mr Yanheng Wu, and certain substantial holders of shares in Admedus Limited) in consideration for Admedus Investments Pty Ltd being issued 29,131,541 ordinary shares in Constellation Therapeutics Limited, otherwise on the terms and conditions outlined in the Explanatory Memorandum."

Note

The 118,114,252 ordinary shares to be sold by Admedus Investments Pty Ltd represents 72.8% of the issued capital of Admedus Vaccines Pty Ltd. The 29,131,541 ordinary shares in Constellation Therapeutics Limited to be issued to Admedus Investments Pty Ltd represents 29.2% of the issued capital in Constellation Therapeutics Limited. Star Bright Holding Limited will be entitled to a 60% interest in Constellation Therapeutics Limited by contributing up to \$18 million over the period to November 2022 in order to meet the ongoing funding requirements of Admedus Vaccines Pty Ltd.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by the Independent Expert for the purposes of shareholder approval required under Listing Rule 10.1 for this resolution. **The Independent Expert has determined that the Immunotherapies Transaction is fair and reasonable to the Non-Associated Shareholders of the Company.**

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Constellation Therapeutics Limited; or
- (b) an associate of Constellation Therapeutics Limited (which includes Carron Services Limited, Star Bright Holding Limited, Constellation Immunotherapy Limited and Constellation Int'l (Group) Holdings Limited which collectively hold 70,556,169 Shares).

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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).

Directors recommendation

The Board (excluding the nominees of Star Bright Holding Limited, Ms Lishan Zhang, Mr Yanheng Wu and Mr Wenyi Gu) supports the Immunotherapies Transaction and unanimously recommends that you vote in favour of Resolution 6.

8. Resolution 7 – Ratification and approval of placement of shares to Star Bright on 22 August 2018

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue to Star Bright Holding Limited (together with its associates) 42,599,866 Shares at \$0.10 per Share and otherwise on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Constellation International Holdings Limited, Constellation Immunotherapy Limited, Star Bright Holding Limited, Carron Services Limited and any associates of those persons, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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).

Directors' recommendation

The Board (excluding Ms Lishan Zhang, Mr Wenyi Gu, and Mr Yanheng Wu) unanimously recommends that Shareholders vote in favour of Resolution 7.

9. Resolution 8 – Ratification and approval of placement of shares to Star Bright on 4 September 2018

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue to Star Bright Holding Limited (together with its associates) 26,289,636 Shares at \$0.1303 per Share and otherwise on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Constellation International Holdings Limited, Constellation Immunotherapy Limited, Star Bright Holding Limited, Carron Services Limited and any associates of those persons, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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).

Directors’ recommendation

The Board (excluding Madam Lishan Zhang, Mr Wenyi Gu, and Mr Yanheng Wu) unanimously recommends that Shareholders vote in favour of Resolution 8.

10. Resolution 9 – Approval to issue Options to Mr Wayne Paterson

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 10.11 and for all other purposes, Shareholders approve the issue to Mr Wayne Paterson a total of 3,188,831 Options exercisable for \$0.059 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Wayne Paterson and any of his associates, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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).

Directors’ recommendation

The Board (excluding Mr Wayne Paterson) unanimously recommends that Shareholders vote in favour of Resolution 9.

11. Resolution 10 – 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 Company having the additional capacity to issue Equity Securities up to 10% of the issued capital of the Company (at the time of 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 in favour of the Resolution by or on behalf of a person (and any associates of such person) who is expected to participate in, or who will obtain a material benefit (except a benefit solely by reason of being the holder of ordinary securities in the entity) as a result of, the proposed issue, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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).

Directors’ recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 10.

12. Resolution 11 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as a non-binding 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."

Note: This resolution will be decided as if it were an ordinary resolution, however under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Company.

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.

Directors' recommendation

As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding Resolution 11.

13. Resolution 12 – Board Spill Meeting

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

"That, as required by the Corporations Act:

- (a) *an extraordinary general meeting of the Company (the **Spill Meeting**) be held within 90 days of the passing of this resolution;*
- (b) *all of the Directors in office when the Board resolution to make the Directors' Report for the financial year ended 31 December 2018 was passed, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of Shareholders at the Spill Meeting."*

Note

This resolution is conditional on at least 25% of the votes cast on the resolution proposed in Item 12 (Remuneration Report) being against the adoption of the Remuneration Report.

If you do not want the spill meeting to take place, vote "AGAINST" this resolution. If you want the Spill Meeting to take place, vote "FOR" this resolution.

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.

Directors' recommendation

The Board unanimously recommends that Shareholders vote against Resolution 12, if it is put to the Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'SD', is written over a light gray rectangular background.

Stephen Denaro
Director and Company Secretary
Dated: 12 April 2019

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 the Hotel Grand Chancellor Brisbane at 23 Leichardt Street, Brisbane, Queensland on Tuesday, 14 May 2019 at 9:30 am AEST.

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 – Re-election of Mr John Seaberg as Director
Section 5:	Resolutions 2 to 5 (inclusive) – Election of Directors
Section 6:	Resolution 6 – Approval of Immunotherapies Transaction
Section 7:	Resolutions 7 and 8 - Ratification and approval of placement of shares to Star Bright
Section 8:	Resolution 9 – Approval to issue Options to Mr Wayne Paterson
Section 9:	Resolution 10 – Approval of 10% Placement Facility
Section 10:	Resolution 11 – Adoption of Remuneration Report
Section 11:	Resolution 12 – Board Spill Meeting
Schedule 1:	Definitions
Schedule 2:	Terms of options
Schedule 3:	Listing Rule 7.3A.6 Disclosure

A copy of the Independent Expert's Report for the Immunotherapies Transaction accompanies this Explanatory Memorandum.

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

1.1 Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as of the date of this Explanatory Memorandum. While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

1.2 Disclaimer

No person is authorised to give any information or make any representation in connection with the Immunotherapies Transaction which is not contained in this Explanatory Memorandum. Any information which is not contained in this Explanatory Memorandum may not be relied on as having been authorised by the Company or the Board in connection with the Immunotherapies Transaction.

1.3 Responsibility for information

The information contained in this Explanatory Memorandum (except the Independent Expert's Report) has been prepared by the Company and is the responsibility of the Company.

The Independent Expert has prepared the Independent Expert's Report and has consented to the inclusion of that report in this Explanatory Memorandum. The Independent Expert takes responsibility for the Independent Expert's Report but is not responsible for any other information contained within this Explanatory Memorandum. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

1.4 ASX

A copy of the Notice and Explanatory Memorandum has been lodged with ASX pursuant to the Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of the Notice and Explanatory Memorandum.

1.5 Electronic copy

An electronic copy of the Notice, Explanatory Memorandum and Independent Expert's Report is available on the Company's website at www.admedus.com.

1.6 Enquiries

All enquiries in relation to the contents of this Notice or Explanatory Memorandum should be directed to the Company by one of the following methods:

By email: info.au@admedus.com

By telephone: +61 (0)7 3152 3200

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 its instructions. 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 9:30 am AEST on 12 May 2019, 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 Resolutions 9, 11 and 12 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 Resolutions 9, 11 and 12, 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 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 – 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 John Seaberg was appointed as a Director on 10 October 2014 and re-elected on 16 November 2017.

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

Resolution 1 provides that Mr John Seaberg will retire by rotation and seek re-election as a Director. Details of Mr John Seaberg's background and experience are set out in the Annual Report.

Resolution 1 is an ordinary resolution.

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

5. Resolutions 2 to 5 (inclusive) – Election of Directors

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 Company.

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 re-election at that meeting.

Ms Lishan Zhang, Mr Wenyi Gu, Mr Yanheng Wu and Mr Stephen Denaro were appointed after the previous annual general meeting, held on 24 May 2018. Madam Zhang and Messrs Gu and Wu were nominated by Star Bright (and its associates) to the Board in accordance with the placement of Shares to Star Bright (and its associates) as detailed in section 7.3. The appointment dates for each of these Directors is contained in the table below. Resolutions 2 to 5 (inclusive) therefore provide that upon retirement of Madam Zhang and Messrs Denaro, Gu, and Wu from office, they each seek re-election as a Director.

DIRECTOR	APPOINTMENT DATE
Ms Lishan Zhang	12 December 2018
Mr Stephen Denaro	31 October 2018
Mr Wenyi Gu	4 October 2018
Mr Yanheng Wu	12 December 2018

Details of each of the Directors' background and experience are set out in the Annual Report.

Resolutions 2 to 5 (inclusive) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 2 to 5 (inclusive).

6. Resolutions 6 – Approval of Immunotherapies Transaction

6.1 Immunotherapies Transaction

On 22 March 2019, Admedus Investments Pty Ltd, a wholly-owned subsidiary of the Company, entered into a share sale agreement with Constellation Therapeutics Limited (**Constellation**) and the other shareholders of Admedus Vaccines Pty Ltd (**Admedus Vaccines**) whereby Constellation would acquire, subject to certain conditions, all of the shares of Admedus Vaccines (**Immunotherapies Transaction**). A summary of the key terms of the Immunotherapies Transaction is set out below.

This resolution seeks Shareholder approval for the Immunotherapies Transaction for the purposes of Listing Rule 10.1.

6.2 Admedus Vaccines

The Company's immunotherapies R&D segment is operated through Admedus Vaccines, an entity in which the Company currently holds a 72.83% interest. Admedus Vaccines' primary focus is on researching new herpes and HPV vaccines.

The DNA Vaccine Technology comprises two complementary technologies covering (1) codon optimisation of polynucleotides and (2) DNA constructs expressing of both ubiquitinated and non-ubiquitinated antigens. Admedus Vaccines' lead program is targeting the development of a combined prophylactic and therapeutic herpes simplex virus type 2 vaccine (HSV-2 Vaccine). The DNA Vaccine Technology has the potential for use in wider applications and a number of research programs are currently underway or under consideration. The most advanced of these is the HPV Therapy; an immuno-oncology combination therapy for the treatment of HPV related cancers.

Admedus Vaccines has three clinical programs under development:

- *HSV-2* - The company's most progressed program is a Phase 2a therapeutic vaccine to treat genital herpes, or herpes simplex virus type 2 (HSV-2). In May-17 Admedus announced the results of the Phase 2a study stating that the primary endpoint in terms of vaccine safety, with a positive immune response to the vaccine seen in most subjects. The results indicated that the vaccine strongly stimulated cellular activity. Viral shedding data showed reduction in viral shedding in vaccine study group compared to the placebo group.
- *HPV - AMV-002* - Admedus Vaccines has initiated a Phase 1 clinical trial at the Princess Alexandra Hospital in Brisbane. This study is a single, centre, open label ascending dose study to assess the safety tolerability and immunogenicity of AMV-002.
- *Preclinical - RNA* – Admedus Vaccines is currently collaborating with Translate Bio regarding RNA vaccines targeting HPV and related cancers.

Admedus recognises that Admedus Vaccines continues to require significant funding going forward to bring its products to market. Accordingly, over the past 12-18 months, Admedus Vaccines undertook a review to secure funding to continue the development of its technologies, which has led to the Immunotherapies Transaction.

6.3 Constellation

Constellation, a Hong Kong incorporated company, has been set up to acquire Admedus Vaccines. Constellation will issue shares to Admedus Investments Pty Ltd and other shareholders of Admedus Vaccines in consideration for the purchase of Admedus Vaccines' shares. Sun Bright Holdings (HK) Industrial Limited (**Sun Bright**), an associated entity of Star Bright Holding Limited (**Star Bright**), will subscribe for 60% of the shares in Constellation by paying up to \$18,000,000 in five equal tranches of \$3,600,000 from completion to November 2020 in exchange for a 60% interest in Constellation in order to meet the ongoing funding requirements of Admedus Vaccines, subject to certain milestones relating to product development (**Subscription Agreement**). The milestones are contained in section 6.4.

Admedus Vaccines' funding requirements are expected to be met by Sun Bright's investment in Constellation. Further information on the specific funding requirements of Admedus Vaccines are contained in the Independent Expert's Report.

6.4 Key Terms

The Immunotherapies Transaction involves the interposition of Constellation between the Company and Admedus Vaccines, and the Company selling down its interest in Admedus Vaccines to Constellation. On completion of the Immunotherapies Transaction:

- Admedus Vaccines will be a wholly-owned subsidiary of Constellation;
- the Company will hold a 29.13% interest in Constellation through Admedus Investments Pty Ltd;
- other current Admedus Vaccines shareholders (excluding the Company) will hold 10.8% of Constellation; and
- Sun Bright will hold a 60% interest in Constellation.

Mr Wayne Paterson (the Chief Executive Officer of the Company) will be appointed as the Chairman of Constellation and will be paid director's fees for this role.

The following are conditions precedent to the Immunotherapies Transaction:

- consent being received regarding the change of control under the rental agreement for Admedus Vaccines;
- all pre-clinical information supporting the trial procedure and all data generated in the course of the trial being delivered to Constellation;
- Shareholder approval of the Immunotherapies Transaction (achieved by the passing of this Resolution 6); and
- entry into the Subscription Agreement.

The Subscription Agreement provides that Sun Bright must pay instalments of \$3.6 million if Constellation achieves certain milestones, contained in the table below. Sun Bright's obligation to pay is conditional upon the relevant milestone being reached. However, the issue of shares in Constellation to Sun Bright is not conditional upon the milestones.

#	Instalment	Sun Bright's interest in Constellation	Date Payable	Milestone
1	\$3.6m ¹	12%	Upon completion	
2	\$3.6m	24%	30 November 2019	Provided that the following have been satisfied: a) transfer and assignment of intellectual property to a subsidiary of Constellation (or its nominee) to be incorporated in Shenzhen, China in order to fulfil the requirements and policies for a

¹ Star Bright has already paid \$1,000,000 to Admedus Vaccines in the form of a non-refundable break-fee of \$500,000 and a short term loan of \$500,000. These amounts form part of the first instalment payment if the Immunotherapies Transaction is approved.

				Chinese governmental funding application, clinical development and future vaccine manufacturing in China; b) provide the necessary information and documentation for Investigational New Drug ("IND") submission to China Food & Drug Administration ("CFDA") and human ethics to conduct proposed HPV CIN3 and HSV-2 clinical trials in mainland China; c) if required, provide further information during CFDA IND assessment process for commencing the Phase 1b HPV CIN3 clinical trial in Q4-2019 (Oct-Dec); and d) if required, provide further information during CFDA IND assessment process for the pre-IND meeting with CFDA scheduled in April 2019 with an aim to obtain the IND and ethics approvals by end of 2019.
3	\$3.6m	36%	30 November 2020	Provided that the following has been satisfied: a) executing any future new clinical development plan (including but not limited to new target identification or new treatment plan) related to AMV002.
4	\$3.6m	48%	30 November 2021	Provided that the following has been satisfied: a) a subsidiary of Constellation using its best endeavours to help obtain written approval on Drug Market Authorisation Holder to manufacture DNA therapeutic vaccines in mainland China.
5	\$3.6m	60%	30 November 2022	Provided that the following has been satisfied: a) Admedus Vaccines providing all necessary support to the Phase 3 pivotal clinical trials or IND submission preparations depending on the whole clinical development progress in China.

6.5 Advantages and disadvantages of the Immunotherapies Transaction

The advantages and disadvantages of the Immunotherapies Transaction are set out in the Independent Expert's Report in full.

The advantages of approving the Immunotherapies Transaction are that:

- the Immunotherapies Transaction will provide Admedus Vaccines with future funding to progress its research and development programs. Without a cash injection, Admedus Vaccines would be unable to continue development; and
- the Immunotherapies Transaction will provide the Company with an opportunity to retain an indirect interest of 29.13% in Admedus Vaccines and benefit from any future growth and material developments in its clinical programs.

The disadvantages of approving the Immunotherapies Transaction are that:

- the Company will lose direct control of the strategy and direction of Admedus Vaccines and its clinical programs;
- the Company will be invested in a foreign-domiciled company and will increase its exposure to foreign currency risk;
- there is a risk that the milestones will not be fulfilled and that Sun Bright will not be required to pay the instalments. In this case, Admedus Vaccines can transfer Sun Bright's shares to the other shareholders of Admedus Vaccines so that the proportion of shares in Constellation held by Sun Bright properly reflects the payments that it has made for its shares; and
- Mr Wayne Paterson will be required to devote time to acting in the capacity as Chairman of Constellation, which will reduce the time he acts as CEO of the Company.

6.6 Listing Rule 10.1

Listing Rule 10.1 requires the Company to obtain Shareholder approval for the disposal of a 'substantial asset' by the Company to certain specified persons, including related parties and their associates. Sun Bright is an associate of Ms

Lishan Zhang, Mr Yanheng Wu (who are related parties of the Company), and certain substantial holders of Shares (including Star Bright). The Listing Rules define disposal to include a decrease in an entity's economic interest in a substantial asset.

Under Listing Rule 10.2, an asset is a 'substantial asset' if its value, or the value of consideration for it, is 5% or more of the equity interests (as that term is defined in the Listing Rules) of the Company, as set out in the latest accounts given to ASX under the Listing Rules. The Company's interest in Admedus Vaccines is a 'substantial asset' for this purpose. The Company considers that Listing Rule 10.1 applies to the Immunotherapies Transaction.

In accordance with Listing Rule 10.10.2, a report from an independent expert is required where Listing Rule 10.1 applies. The Board has appointed the Independent Expert to complete an Independent Expert's Report for this purpose and for the purpose of assisting Shareholders' consideration and assessment of the merits of the Immunotherapies Transaction. Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology and valuation and the assumptions made.

The Independent Expert has concluded that the Immunotherapies Transaction is FAIR AND REASONABLE to the Non-Associated Shareholders.

A copy of the Independent Expert's Report accompanies this Notice.

6.7 Corporations Act

The Company is not seeking shareholder approval of the Immunotherapies Transaction under Chapter 2E of the Corporations Act. The Board has formed the view that the terms of the Immunotherapies Transaction would be reasonable in the circumstances if the Company and Star Bright (together with its associates) were dealing at arm's length.

The Board has reached this view on the basis that the material terms of the Immunotherapies Transaction were negotiated before Star Bright acquired a substantial holding in the Company and became a related party of the Company, as announced to ASX on 3 September 2018.

7. Resolutions 7 to 8 (inclusive) – Ratification and approval of placement of shares to Star Bright

7.1 General

On 3 September 2018 the Company announced that Star Bright Holding Limited (together with its associates) (**Star Bright**) had agreed to subscribe for up to an additional 68,889,502 shares in the Company raising up to \$7,685,527, structured as follows:

- (a) a placement of 42,599,866 shares at a price of \$0.10 per share raising \$4,259,987 (**Tranche 1**); and
 - (b) a placement of 26,289,636 shares at a price of \$0.1303 per share raising up to \$3,425,540 (**Tranche 2**),
- (together, the **Star Bright Shares**).

Tranche 1 was issued on 22 August 2018, and Tranche 2 was issued on 4 September 2018.

Resolutions 7 and 8 are ordinary resolutions.

A voting exclusion statement is included with each of Resolutions 7 and 8. The Chairman intends to exercise all available proxies in favour of Resolutions 7 and 8.

7.2 Listing Rules 7.1 and 7.4

In accordance with Listing Rule 7.1, the Company must not, without obtaining Shareholder approval, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

If Resolutions 7 and/or 8 are approved, it will have the effect of refreshing the Company's ability, to the extent of the Star Bright Shares, to issue further securities during the 12 month period after this Meeting pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolutions 7 and/or 8 are not approved, the Star Bright Shares will be counted towards the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue and the Company's ability to issue securities under Listing Rule 7.1 will be reduced to that extent.

7.3 Listing Rule 7.5

As noted above, the Company completed a private placement of Shares to Star Bright (together with its associates) as follows:

- (a) Star Bright Holding Limited – 1,755,971 Shares at a price of \$0.10 per Share on 22 August 2018;
- (b) Star Bright Holding Limited – 1,083,662 Shares at a price of \$0.1303 per Share on 4 September 2018;
- (c) Constellation Immunotherapy Limited – 14,504,324 Shares at a price of \$0.10 per Share on 22 August 2018;
- (d) Constellation Immunotherapy Limited – 8,951,047 Shares at a price of \$0.1303 per Share on 4 September 2018;
- (e) Constellation Int'l (Group) Holding Limited – 26,339,571 Shares at a price of \$0.10 per Share on 22 August 2018; and
- (f) Constellation Int'l (Group) Holding Limited – 16,254,927 Shares at a price of \$0.1303 per Share on 4 September 2018.

The shares issued were fully paid ordinary Shares in the capital of the Company and rank equally with the existing Shares on issue.

Funds raised from the placements were used to provide funding support for the recapitalisation of the Company.

8. Resolution 9 – Approval to issue Options to Mr Wayne Paterson

8.1 General

Mr Paterson was appointed to the role of Chief Executive Officer of the Company on 15 March 2017 after serving as Acting Chief Executive Officer since May 2016.

Pursuant to the contract of employment between the Company and Mr Paterson applicable during 2018, Mr Paterson is entitled to receive incentives for the achievement of certain financial performance indicators set by the Remuneration Committee for that year.

The Remuneration Committee and the Board (with Mr Paterson abstaining) have recommended and resolved that Mr Paterson be issued with a total of 3,188,831 Options exercisable at \$0.059 per Share and expiring 10 years from their date of issue (**2018 Options**) as a result of certain financial performance indicators being achieved in 2018, subject to all required Shareholder approvals being obtained. Each option entitles Mr Paterson to one new Share on exercise.

In the event Shareholders do not approve Resolution 9, the Company will be required to compensate Mr Paterson for the cash equivalent of the determined value of the 2018 Options one month after the Meeting to meet the Company's contractual obligations to Mr Paterson.

8.2 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must obtain Shareholder approval in order to issue securities (including options) to Mr Paterson (and/or his nominee), given he is a related party of the Company.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- (a) The 2018 Options will be issued to Mr Paterson (and/or his nominee).
- (b) The maximum number of options to be issued to Mr Paterson (and/or his nominee) is 3,188,831, which can be exercised for up to 3,188,831 new Shares.
- (c) If Resolution 9 receives Shareholder approval, the 2018 Options are intended to be issued to Mr Paterson (and/or his nominee) as soon as practicable following the Meeting, but in any event, within one month of the date of the Meeting.
- (d) The 2018 Options are being issued for nil consideration and otherwise on the terms set out in Schedule 2.
- (e) No funds will be raised from the issue of the 2018 Options as they are being issued for nil cash consideration.
- (f) Any shares issued on the exercise of the 2018 Options will rank equally in all respects with existing Shares on issue.
- (g) Mr Paterson has an interest in Resolution 9 and therefore believes it is appropriate to abstain from making a recommendation. A voting exclusion statement is included in the Notice for Resolution 9.
- (h) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

9. Resolution 10 – Approval of 10% Placement Facility

9.1 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 9.2(c) below).

Resolution 10 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 10.

9.2 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 two classes of quoted Equity Securities, being Shares and Options.
- (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:

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

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 589,942,803 Shares and therefore will have capacity to issue:

- (i) 88,491,420 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 10, 58,994,280 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 9.2(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 Volume Weighted Average Market Price 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 section 9.2(e)(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),

(the 10% Placement Period).

9.3 Effect of approving Resolution 10

The effect of approving Resolution 10 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. This will give the Company greater scope and flexibility to raise capital by the issue of Equity Securities during the 10% Placement Period.

9.4 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 Volume Weight Average Market Price 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 five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 10 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. 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 shares 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		
		\$0.03 50% decrease in Issue Price	\$0.06 Issue Price	\$0.09 50% Increase in Issue Price
Current Variable A 589,942,803 Shares	10% Voting Dilution	58,994,280 Shares	58,994,280 Shares	58,994,280 Shares
	Funds raised	\$1,769,828	\$3,539,657	\$5,309,485
50% increase in current Variable A 884,914,205 Shares	10% Voting Dilution	88,491,420 Shares	88,491,420 Shares	88,491,420 Shares
	Funds raised	\$2,654,743	\$5,309,485	\$7,964,228
100% increase in current Variable A 1,179,885,606 Shares	10% Voting Dilution	117,988,561 Shares	117,988,561 Shares	117,988,561 Shares
	Funds raised	\$3,539,657	\$7,079,314	\$10,618,970

This table has been prepared on the following assumptions:

- (iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iv) 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%.
 - (v) 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.
 - (vi) 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.
 - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (viii) The issue price is \$0.06, being the closing price of the Shares on ASX on 8 April 2019.
- (e) The Company will only issue Equity Securities under the 10% Placement Facility during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid if the 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 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 for:
 - (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) general working capital purposes;

- (D) refine the research and development portfolio with a focus on products that are near to market; and
 - (E) 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 Shares 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 forms of issuance 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 or agreed to issue 578,719,163 Equity Securities which represent 68% of the total number of Equity Securities on issue at 9 April 2019. Further detail as required under Listing Rule 7.3A.6 in respect of these Equity Security issues is set out in Schedule 3.
- (k) A voting exclusion statement is included in the Notice for Resolution 10.
- (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.

10. Resolution 11 – 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.

The Remuneration Report relates to the twelve-month accounting period from 1 January 2018 to 31 December 2018.

In accordance with section 250R(3) of the Corporations Act, Shareholders' vote on Resolution 11 is advisory only and does not bind the Directors or the Company. If Resolution 11 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report. However, the Board will take the discussion of the Remuneration Report at the Meeting into consideration when determining the Company's remuneration policy in the future and consider concerns Shareholders may raise in relation to remuneration issues.

Where a resolution on the Remuneration Report receives a 'no' vote of 25% or more (**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 2017 remuneration report received a Strike at the Company's 2018 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Resolution 12 will be put to the Meeting and, if passed by ordinary resolution, will result in the Board being required to stand for re-election.

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

Resolution 11 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 11.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 11, 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.

11. Resolution 12 – Board spill meeting

This resolution is a “conditional” resolution. It will only be put to the Meeting, and will only become effective, if based on the formal results of the poll, it is clear that 25% or more of the votes cast on Item 10 are cast against the adoption of the Remuneration Report.

This resolution is required to be included in this Notice because the Company received a Strike on the adoption of the Company's 2017 remuneration report.

This resolution will be considered as an ordinary resolution. If the Company receives a second Strike by a vote of more than 25% against the adoption of the Remuneration Report under Resolution 11, and this resolution is passed, then the Company must hold a further general meeting (**Spill Meeting**) within 90 days after the Meeting to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

If the Company does not receive a second Strike (i.e. votes against the Remuneration Report under Resolution 11 represent less than 25% of the eligible votes cast), then this Resolution will not be put to the Meeting.

If the Spill Resolution is put to this Meeting and passed by ordinary resolution, each of the Relevant Directors will cease to hold office immediately before the end of the Spill Meeting and will stand for re-election. This will be the case even though the Relevant Director has been elected, or re-elected, at this Meeting. The Relevant Directors are:

- subject to the passing of Resolution 1, Mr John Seaberg;
- subject to the passing of Resolution 2, Ms Lishan Zhang;
- subject to the passing of Resolution 3, Mr Yanheng Wu;
- subject to the passing of Resolution 4, Mr Wenyi Gu; and
- subject to the passing of Resolution 5, Mr Stephen Denaro.

(each, a **Relevant Director**).

Those Relevant Directors elected or re-elected at the Spill Meeting will commence holding office at the end of the Spill Meeting.

Each of the Relevant Directors is eligible to stand for re-election at the Spill Meeting and intend to seek re-election.

Mr Wayne Paterson is not a Relevant Director and will not cease to hold office prior to the end of the Spill Meeting as he is the managing director of the Company.

Shareholders should be aware that the convening of a Spill Meeting will result in the Company incurring material additional expense (including legal, printing, mail out and share registry costs) in convening a meeting as well as disruption and distraction to the focus of core business operations. The Board also notes that Shareholders can remove a Director by a majority shareholder vote at any general meeting and for any reason.

If you do not want the Spill Meeting to occur, you should vote against this resolution. The Chairman intends to vote all undirected proxies against this resolution.

The Directors unanimously recommend that shareholders vote against the resolution proposed in Item 11, if it is put to the Meeting. Noting that each Relevant Director would have a personal interest in any such resolution, and that each of them (and their Closely Related Parties) would be excluded from voting on the resolution, the Board considers that a Spill Meeting would be extremely disruptive to the Company and that it would be inappropriate to remove all of the Relevant Directors in the circumstances. The Board also notes that shareholders can remove a Director by a majority shareholder vote at any general meeting and for any reason.

Schedule 1 - Definitions

In the Notice, including this Explanatory Memorandum:

\$ means Australian dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditors' Report in respect of the financial year ended 31 December 2018, as lodged with ASX on 1 March 2019. Due to the change in financial year end, the financial period is the 12 month period from 1 January 2018 to 31 December 2018.

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).

Director means a director of the Company.

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

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

Explanatory Memorandum means this explanatory memorandum.

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

Immunotherapies Transactions means the sale of 118,114,252 ordinary shares in Admedus Vaccines Pty Ltd by Admedus Investments Pty Ltd to Constellation Therapeutics Limited in consideration for Admedus Investments Pty Ltd being issued 29,131,541 ordinary shares in Constellation Therapeutics Limited.

Independent Expert means Pitcher Partners Corporate Finance Limited.

Independent Expert's Report means the report provided by the Independent Expert in respect of the Immunotherapies Transaction which accompanies this notice.

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.

Non-Associated Shareholders means the Shareholders that are not associates of Star Bright Holding Limited.

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.

Proxy Form means the proxy form attached to the Notice.

Relevant Director has the meaning given in section 10.

Remuneration Committee means the remuneration committee of the Board.

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 10.

Trading Day has the meaning given in the Listing Rules.

Volume Weighted Average Market Price has the meaning given in the Listing Rules.

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

Schedule 2 – Terms of options

Capitalised terms used in this Schedule 2 which have not been defined have the meaning given in Schedule 1.

The terms and conditions of the 2018 Options are summarised as follows:

1. Consideration payable

The 2018 Options are issued in connection with Mr Paterson's employment and no consideration is payable on their issue.

2. Cash settlement

Exercised Options may be satisfied, at the discretion of the Board, in cash rather than Shares, by payment to the holder of the cash equivalent value, net of applicable taxes and other withholdings, less any exercise price that would have been payable by the holder (and no exercise price is required to be paid by the holder).

3. Expiry date and lapse

The 2018 Options will lapse on the 10th anniversary of the date of grant of the 2018 Options, if not exercised prior.

4. Transferability

The grant of the 2018 Options is personal and is only transferable:

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

5. Prohibition against dealing and hedging

Dealing in the 2018 Options is not permitted (other than in accordance with the above transferability provisions in paragraph 4) nor can the holder enter into any scheme, arrangement or agreement (including options and derivative products) under which the economic benefit to be derived from any 2018 Options may be affected, irrespective of future changes in the market price of Shares.

6. Forfeiture

Where the holder deals in the 2018 Options, or transfers the 2018 Options, or purports to enter, into any scheme, arrangement or agreement described in paragraph 5, the Board may determine that the relevant dealing does not take effect or that the 2018 Options immediately lapse or are forfeited, as applicable.

7. Entitlements

A holder shall not be entitled to vote, receive dividends, or have any other rights of a Shareholder in respect of the 2018 Options until the underlying Shares are issued following exercise of the 2018 Options.

8. Variation in share capital

Appropriate adjustment will be made to the number of 2018 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.

9. Pro Rata issue of securities or bonus issue

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

- (a) the holder of the 2018 Options may not participate in the new issue until (and to the extent that) the 2018 Options have been exercised and the underlying Shares are issued by the record date for the new issue; and

- (b) the exercise price, or number of Shares over which the 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).

10. Reorganisation of capital

In the event of a reorganisation of the capital of the Company, the rights of the holder of the 2018 Options will be changed to the extent necessary to comply with the Listing Rules at the time of the reorganisation.

Schedule 3
Listing Rule 7.3A.6 Disclosure

No.	Date of Issue ¹	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount to market price (per cent.)	Consideration		Use of funds
1.	4 June 2018	9,203,573	Ordinary fully paid shares	Existing shareholders pursuant to a Share Purchase Plan	\$0.30	N/A	\$2,761,072		• ADAPT Pipeline development acceleration • TAVR Project Development; and • General Working Capital Consideration received fully expended on items outlined above.
2.	8 June 2018	4,371,130	Unlisted options with an exercise price of \$0.37, expiring on 31 December 2027	Eligible employees under the Company's Employee Share Option Plan	N/A	N/A	Non-cash consideration paid:	2017 Long Term Incentive Options issued under the Company's Employee Share Option Plan	N/A
							Current value of non-cash consideration:	Based on the Black Scholes pricing model, the market price of traded Shares on 27 March 2019 of \$0.040, the options would have a value of \$53,059.	
3.	8 June 2018	2,150,000	Unlisted options with an exercise price of \$0.30, expiring on 31 December 2027	Eligible employees under the Company's Employee Share Option Plan	N/A	N/A	Non-cash consideration paid:	Sign-on Options issued under the Company's Employee Share Plan.	N/A
							Current value of non-cash consideration:	Based on the Black Scholes pricing model, the market price of traded Shares on 27 March 2019 of \$0.040, the options would have a value of \$29,138.	

No.	Date of Issue ¹	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount to market price (per cent.)	Consideration	Use of funds
4.	28 June 2018	2,333,333	Ordinary fully paid shares	Directors	\$0.30	N/A	\$700,000	- ADAPT Pipeline development acceleration - TAVR Project Development; and - General Working Capital Consideration received fully expended on items outlined below.
5.	22 August 2018	42,599,866	Ordinary fully paid shares	Star Bright Holding Ltd	\$0.10	26% ²	\$4,259,987	Recapitalisation of the Company. Consideration received fully expended.
6.	4 September 2018	26,289,636	Ordinary fully paid shares	Star Bright Holding Ltd	\$0.1303	3% ²	\$3,425,540	Recapitalisation of the Company. Consideration received fully expended.
7.	18 December 2018	237,052,479 237,052,479	Ordinary fully paid shares Listed options with an exercise price of \$0.08, expiring on 18 December 2021.	Existing eligible shareholders and the following underwriters: - SIO Partners, LP - Star Bright Holding Ltd - CVI Investments, Inc. - Mr John Seaberg - Mr Wayne Paterson	\$0.08	N/A	\$18,964,197 As part of the rights issue one free attaching new listed option is issued for every new share	- Repay an existing loan owed to Star Bright Holding Ltd plus accrued interest. - Restructuring costs - Fund research and development projects including the Transcatheter Aortic Valve Replacement (TAVR) Project; and - Provide for ongoing working capital for the business As at 31 March 2019, \$14,338,277 of consideration received had been expended on items outlined above (including \$5,000,000 to repay existing loan owed to Star Bright Holding Limited). The balance of \$4,625,920 will be spent on: - Restructuring costs - Fund research and development projects including the Transcatheter Aortic Valve Replacement (TAVR) Project; and

No.	Date of Issue ¹	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount to market price (per cent.)	Consideration	Use of funds
								• Provide for ongoing working capital for the business

¹ On 16 May 2018, 17,666,667 ordinary fully paid shares were issued to new investors at an issue price of \$0.30 per share for total consideration of \$5,300,000. The purpose of the share issue was to provide funding support for ADAPT Pipeline development acceleration, TAVR Project Development and General Working Capital. This share issue occurred prior to the Annual General Meeting on 24 May 2018, but after the issue of the Notice of Annual General Meeting on 20 April 2018, and was therefore not included in the previous calculation under Listing Rule 7.1A.

² This discount is based on a closing market price of \$0.135 which was the closing market price on 1 August 2018. Admedus' shares were suspended from quotation from this date until 28 November 2018. The placement of shares to Star Bright occurred during this period of suspension.



Admedus Ltd
ABN 35 088 221 078

AHZ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX



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: 999999

SRN/HIN: I999999999

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 9:30am (AEST) Sunday 12 May 2019**

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** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



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.



I 9999999999

IND

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 Admedus Ltd 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 Admedus Ltd to be held at **Hotel Grand Chancellor, 23 Leichardt Street, Brisbane, Queensland on Tuesday 14 May 2019 at 9.30am AEST** 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 10, 12 & 13** (except where I/we have indicated a different voting intention below) even though **Items 10, 12 & 13** 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 10, 12 & 13** 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
2	Re-election of Mr John Seaberg as Director	☐	☐	☐
3	Election of Ms Lishan Zhang as Director	☐	☐	☐
4	Election of Mr Yanheng Wu as Director	☐	☐	☐
5	Election of Mr Wenyi Gu as Director	☐	☐	☐
6	Election of Mr Stephen Denaro as Director	☐	☐	☐
7	Approval of Immunotherapies Transaction	☐	☐	☐
8	Ratification and approval of placement of shares to Star Bright on 22 August 2018	☐	☐	☐
9	Ratification and approval of placement of shares to Star Bright on 4 September 2018	☐	☐	☐

		For	Against	Abstain
10	Approval to issue Options to Mr Wayne Paterson	☐	☐	☐
11	Approval of 10% Placement Facility	☐	☐	☐
12	Adoption of Remuneration Report	☐	☐	☐

Contingent Business

13	Board Spill Meeting	☐	☐	☐
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The Chairman of the Meeting intends to vote undirected proxies in favour of items 2 to 12 but against item 13. 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

A H Z

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Computershare +

ADMEDUS LIMITED



Independent Expert's Report

We have concluded the Proposed Transaction is **Fair** and **Reasonable** to the Non-Associated Shareholders.

5 April 2019

Financial Services Guide

5 April 2019

What is a Financial Services Guide?

This Financial Services Guide ("FSG") provides important information to assist you in deciding whether to use our services. It includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you a FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

How are we and all employees remunerated?

We will receive a fee of approximately \$50,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the outcome of the transaction.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits. We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associates and relationships

We are ultimately owned by the partners of Pitcher Partners Brisbane. Please see www.pitcher.com.au for a detailed description of the firm. Neither Pitcher Partners or Pitcher Partners Corporate Finance Limited has provided any previous services to Admedus Limited.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

Pitcher Partners	Financial Ombudsman
Complaints Office	Service
GPO Box 1144	GPO Box 3
BRISBANE QLD 4001	MELBOURNE VIC 3001
	infor@fos.org.au
	www.fos.org.au
	Tel: 1300 780 808

What compensation arrangements do we have?

Pitcher Partners and Pitcher Partners Corporate Finance Limited holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the *Corporations Act 2001*.

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5 April 2019

The Board of Directors
Admedus Limited
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9 Sherwood Road
TOOWONG QLD 4066

Pitcher Partners Corporate Finance Limited

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Dear Directors,

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

Pitcher Partners Corporate Finance Limited ("Pitcher Partners CF") has been engaged to provide an independent expert's report to the non-associated shareholders ("Non-Associated Shareholders") of Admedus Limited ("Admedus") in relation to the proposed funding transaction involving Admedus Vaccines Pty Ltd ("Admedus Vaccines") and Sun Bright Holdings (HK) Industrial Limited ("Sun Bright"), an entity associated with a Star Bright Holding Ltd ("Star Bright").

Star Bright has recently become a major cornerstone shareholder (22.6%) in Admedus, following placements in May and September 2018 and the entitlement offer in November 2018. Since Star Bright and Sun Bright are associated, the Proposed Transaction is deemed to be a related party transaction under the ASX Listing Rules.

The structure of the Proposed Transaction involves Constellation Therapeutics Limited ("Constellation") (a Hong Kong incorporated company) acquiring all the issued capital in Admedus Vaccines (from existing shareholders, including Admedus) in exchange for shares in Constellation. Constellation will acquire 100% of the equity in Admedus Vaccines in exchange for shares in Constellation. Under the proposed structure, Sun Bright has agreed to subscribe for shares in Constellation by contributing cash up to \$18m in Constellation (for the purposes of funding Admedus Vaccines), in five (5) equal tranches from completion to November 2022, based on certain milestones being achieved. In exchange, Sun Bright will be entitled to a 60% interest in Constellation, which may reduce if the milestones are not achieved.

Admedus currently holds a 72.8% interest in Admedus Vaccines, having invested \$13m over a six year period from 2010 to 2016. Admedus recognises that Admedus Vaccines continues to require significant funding going forward to bring its products to market. Accordingly, over the past 12-18 months, Admedus Vaccines undertook a review to secure funding to continue the development of its technologies, which has led to the Proposed Transaction. If the Proposed Transaction is approved, Admedus' economic interest in Admedus Vaccines (through its shareholding in Constellation) will reduce to 29.1%.

2. PURPOSE

Pursuant to the ASX Listing Rule 10.1, a company must not (without shareholder approval) dispose of a 'substantial asset' to certain specified persons, which includes related parties and their associates. Under the Proposed Transaction, Admedus' economic interest will decrease from 72.8% to 29.1% as a result of the sale of shares to Constellation. The ASX Listing Rules define disposal to include a decrease in an entity's economic interest in a substantial asset.

Admedus' economic interest in Admedus Vaccines will decrease following the sale of shares to Constellation, and the issue of shares to Sun Bright, which is deemed to be a related party of Admedus through its association with Star Bright who hold a 22.6% shareholding in Admedus. As such, the Proposed Transaction is considered to be deemed disposal of an asset by Admedus to a related party.

ASX Listing Rule 10.2 states an asset will be 'substantial' if its value (or the consideration) is 5% or more of the equity interests as set out in the company's latest accounts. The Directors have considered the Proposed Transaction and have concluded that it falls within ASX Listing Rule 10.2.

In accordance with ASX Listing Rule 10.10.2, a report on the Proposed Transaction from an independent expert ("IER") is required where ASX listing Rule 10.1 applies. The IER is required to state the expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded (i.e. the non-associated shareholders). In this Report, the Non-Associated Shareholders are all current shareholders in Admedus except for those shareholders associated with Star Bright.

3. SUMMARY OF OPINION

Pitcher Partners CF has concluded the Proposed Transaction is Fair and Reasonable to the Non-associated Shareholders.

Fairness

Our fairness analysis of the Proposed Transaction is set out in Section 10.2 of this Report. In summary, to assess whether the Proposed Transaction is fair, we:

- Calculated the fair value the equity in Admedus Vaccines, on a controlling interest basis, before the Proposed Transaction and the fair value of the equity in Constellation, on a controlling basis, after the Proposed Transaction; and
- Considered whether a minority interest discount should be applied in the circumstances, given that Admedus' economic interest in Admedus Vaccines will decrease from 72.8% to 29.1% if the Proposed Transaction is approved by the Non-Associated Shareholders.

Our assessment is set out in the table below.

	Ref Section	Before Proposed Transaction	After Proposed Transaction
Assessed fair value – 100%			
- Admedus Vaccines	9.5(iii)	\$8.0m – \$15.0m	-
- Constellation	10.2(ii)	-	\$28.6m
No. of shares on issue (m)	7.3	162.2	100.0
No. of shares held by Admedus (m)	7.3	118.1	29.1
Assessed Value of Admedus' investment		\$5.8m – \$10.9m	\$8.3m
Less minority interest discount – 10%		n/a	(\$0.8m)
Assessed Value of Admedus' investment		\$5.8m – \$10.9m	\$7.5m

The summary above indicates that the fair value of Admedus' shareholding in Constellation (after the Proposed Transaction) falls within the assessed range of Admedus' shareholding in Admedus Vaccines before the Proposed Transaction. As such, pursuant to RG111, the Proposed Transaction is fair.

Reasonableness

In accordance with RG111, where a transaction has been deemed fair, a transaction must also be reasonable. Following this guidance, as we have concluded the Proposed Transaction is fair, the Proposed Transaction is also reasonable. Notwithstanding this, we have also considered the reasonableness of the Proposed Transaction having regard to the other significant factors to which the Non-Associated Shareholders of Admedus may consider prior to deciding whether to vote in favour of or against the Proposed Transaction.

Our reasonableness discussion of the Proposed Transaction is set out in detail in Section 10.3.

The table below summaries the advantages and disadvantages of the Proposed Transaction to Admedus Shareholders.

Advantages	Disadvantages
Future funding to progress the research and development programs of Admedus Vaccines.	Loss of direct control of Admedus Vaccines.
Admedus will continue to have an interest in Admedus Vaccines, allowing Admedus to benefit from any future growth in value to be derived if there are any future material developments.	Investment in a foreign domiciled company.

Pitcher Partners CF has not considered specific taxation implications for individual Non-Associated Shareholders. The specific tax consequences of the Proposed Transaction will vary depending on the circumstances of each individual shareholder. We recommend that each shareholder seek their own professional advice when considering the taxation consequences of the Proposed Transaction.

4. BASIS OF EVALUATION

Neither the Corporations Act 2001 or the ASX Listing Rules define the term “fair and reasonable”. Australian Securities & Investments Commission Regulatory Guide 111: Content of expert reports (“RG 111”) provides some guidance as to how the term “fair and reasonable” should be interpreted in a range of circumstances. With respect to a related party transaction RG 111 provides:

- A proposed related party transaction is “fair” if the value of the financial benefit to be provided by the entity (Admedus) to the related party (Star Bright) is equal to or less than the value of the consideration being provided to the entity. This comparison is to be made by assuming a knowledgeable and willing (but not anxious) buyer and a knowledgeable and willing (but not anxious) seller, acting at arm’s length.
- A proposed related party transaction is “reasonable” if it is fair. It might also be “reasonable” if, despite being “not fair”, the expert believes that there are sufficient reasons for security holders to vote for the proposal.

Fairness

Admedus is engaging in a sale transaction with Constellation which includes a subscription agreement with Sun Bright. The Proposed Transaction does not involve Admedus receiving any cash, but does involve Admedus Vaccines, through Constellation, receiving cash through its subscription agreement. As such, we need to assess whether the decrease in Admedus’ economic interest in Admedus Vaccines is fair to the Non-Associated Shareholders. We believe the key component of this assessment is the comparison of the fair value of Admedus’ investment in Admedus Vaccines before the Proposed Transaction and the fair value of Admedus’ investment in Constellation after the Proposed Transaction.

Reasonableness

A transaction is “reasonable” if it is “fair” or, despite being “not fair”, there are sufficient reasons for shareholders to vote for the proposal.

We have also considered the reasonableness of the Proposed Transaction having regard to other significant factors to which shareholders may give consideration before deciding whether to vote in favour of or against the Proposed Transaction. This includes comparing the likely advantages and disadvantages of the Proposed Transaction with the position of the shareholders if the Proposed Transaction is approved (and proceeds) or not approved (and does not proceed).

Our consideration of other factors has been based on those factors suggested in RG 111, as well as the specific circumstances of the Proposed Transaction. In undertaking our assessment of the Proposed Transaction, we have had regard to a number of references including Australian Securities & Investments Commission regulatory guidelines, in particular, RG 111 and RG 112: Independence of experts (“RG 112”), and relevant market valuation guidelines and generally accepted practices in the preparation of expert reports.

This report has also been prepared in accordance with APES 225 Valuation Services issued by the Accounting Professional & Ethical Standards Board Limited in March 2018 and classed as a Valuation Engagement as defined by that standard.

Shareholders' decision

The decision to vote for or against the Proposed Transaction is a matter for individual shareholders. The Non-Associated Shareholders should consider the advice of their own professional advisers in the context of their own circumstances including risk profiles, investment objectives and expectations of future market conditions.

Independence

Prior to accepting this engagement, we considered our independence with respect to Admedus with reference to RG 112. In our opinion, we are independent of Admedus. Pitcher Partners CF, Pitcher Partners, and network firms, have not provided any services to Admedus prior to this engagement.

Limitations

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this IER are given in good faith and in the belief that such statements and opinions are not false or misleading. This report should be read in the context of the full qualifications, limitations and consents set out in Appendix A.

Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing as at the date of this IER. Such conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, our opinion could be different.

We provided draft copies of this IER to the Directors and management of Admedus and Admedus Vaccines for comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Amendments made to this IER as a result of this review by the Directors and management of Admedus and Admedus Vaccines have not changed the conclusions reached.

Our Financial Services Guide ("FSG"), in accordance with the Act, is included at the beginning of this report. A glossary of terms used throughout this report is set out in Appendix B.

5. ADMEDUS VACCINES

5.1 Background - Financial

2000	Admedus Vaccines (formerly Coridon Pty Ltd) was founded in 2000 by Professor Ian Frazer to develop and commercialise the DNA Vaccine Technology, a novel platform technology for the development of DNA vaccines. The DNA Vaccine Technology was originally developed at University of Queensland's Centre for Immunology and Cancer Research. Coridon was incorporated by UniQuest Pty Ltd, the technology transfer and commercialisation company of the University of Queensland ("UniQuest").
2001	UniQuest agreed to grant a licence to Coridon to commercialise the intellectual property for a license fee of \$11.9m. The license fee was paid through a convertible note agreement, between Coridon and UniQuest, which terms and conditions included an interest charge to be accrued on a daily basis.

2004	The license agreement between UniQuest and Coridon was varied for additional licensing arrangements which resulted in a further fee of \$1.25m, paid through an increase in the convertible note loan.
2009	UniQuest elected to convert the amount owed by Coridon under the convertible note (including accrued interest) into ordinary shares. On conversion, UniQuest was issued 44.056m shares at \$1.00 each (\$44m), increasing the number of shares on issue to 44.061m.
2010	Admedus entered into a share subscription agreement and option deed with Coridon to fund \$2.7m (for the issue of 24.6m shares) based on achievement of milestones. Admedus also enters into an option deed with Coridon to subscribe a further \$3m (for the issue of 27.7m shares).
2014-2016	Admedus continues to fund Admedus Vaccines on the same basis as under the subscription agreement. As a result, by June 2016 Admedus had contributed \$12.9m over 6 years to hold a 72.8% interest in Admedus Vaccines.
2017	Admedus Vaccines issues an Information Memorandum seeking to raise a minimum of \$12m for a 44.95% shareholding (which would have effectively diluted Admedus' shareholding to 40.1%). The capital raising was unsuccessful. Later Admedus announces that it would review other options to secure the continuing development of Admedus Vaccines' technologies.
April 2018	Admedus confirms the strategic decision taken in 2017 to 'de-fund' (no longer fund) Admedus Vaccines given the significant resources required to bring its products to market. At or around the same time, Admedus announces that Admedus Vaccines has entered into a Letter of Intent with Star Bright, a Hong Kong based investor, to negotiate an ongoing funding agreement. A non-refundable break-fee of \$0.5m was paid by Star Bright to secure a 6 month exclusivity period to finalise terms based on a minimum investment of \$18m for a 60% interest.
June 2018	Admedus announces that it has executed a Memorandum of Understanding with Star Bright consistent with the Letter of Intent signed earlier.
Sept 2018	Admedus announces that Star Bright will become a cornerstone strategic investor in Admedus through a placement of up to \$7.7m, and providing a \$5m unsecured loan facility to repay the existing debt facility which had become payable on demand. Star Bright had previously subscribed for 1.67m shares (\$0.5m) in Admedus in the May 2018 placement. This, together with the \$7.7 placement would take Star Bright's interest in Admedus to approximately 20%.
Nov 2018	Admedus issues a prospectus for shareholders to participate in a partially underwritten entitlement offer to raise up to \$20m, the funds to be used to repay the \$5m loan owing to Star Bright and to fund the ongoing activities of Admedus.

5.2 Admedus

Admedus is a diversified healthcare company investing in and developing next generation technologies of medical devices. The company focuses on commercialising tissue engineering technology for use in cardiovascular and soft tissue repair surgery. It operates four identifiable and reportable segments broadly defined as:

1. *Infusion* – disposable medical product and medical devices distribution;
2. *ADAPT* – bio implant operations; inclusive of sales, distribution and marketing;
3. *Regenerative medicine R&D* – ADAPT technology; and
4. *Immunotherapies R&D* – researching new herpes and HPV vaccines. This business segment operates through Admedus Vaccines, which is the subject of the Proposed Transaction.

The prospectus issued by Admedus on 28 November 2018 indicated that the Directors have been working towards a long-term restructure plan which included the planned divestiture of the Immunotherapies business (Admedus Vaccines) under the Proposed Transaction. The prospectus also highlighted the proposal divestment of the Infusion business, with negotiation in progress with an external party.

5.3 Admedus Vaccines – Clinical Programs

The DNA Vaccine Technology comprises two complementary technologies covering (1) codon optimisation of polynucleotides and (2) DNA constructs expressing of both ubiquitinated and non-ubiquitinated antigens. Admedus Vaccines' lead program is targeting the development of a combined prophylactic and therapeutic herpes simplex virus type 2 vaccine (HSV-2 Vaccine). The DNA Vaccine Technology has the potential for use in wider applications and a number of research programs are currently underway or under consideration. The most advanced of these is the HPV Therapy; an immuno-oncology combination therapy for the treatment of HPV related cancers.

Clinical Programs

- *HSV-2* - The company's most progressed program is a Phase 2a therapeutic vaccine to treat genital herpes, or herpes simplex virus type 2 (HSV-2). In May-17 Admedus announced the results of the Phase 2a study stating that the primary endpoint in terms of vaccine safety, with a positive immune response to the vaccine seen in most subjects. The results indicated that the vaccine strongly stimulated cellular activity. Viral shedding data showed reduction in viral shedding in vaccine study group compared to the placebo group.
- *HPV - AMV-002* - Admedus Vaccines has initiated a Phase 1 clinical trial at the Princess Alexandra Hospital in Brisbane. This study is a single, centre, open label ascending dose study to assess the safety tolerability and immunogenicity of AMV-002.
- *Preclinical - RNA* – Admedus Vaccines is currently collaborating with Translate Bio regarding RNA vaccines targeting HPV and related cancers.

5.4 Admedus Vaccines – Funding Requirements

The \$18m funding contribution by Sun Bright under the Proposed Transaction is to further develop Admedus Vaccines programs. The following table provides a broader overview:

Study	Notes	Expenditure Timeframe	Amount \$m	Allocation to Programs	
				HSV-2 \$m	HPV \$m
HSV-2	(i)	4.5 years	5.6	5.6	-
HPV Hand and Neck cancer Phase I	(ii)	1.0 years	1.5	-	1.5
HPV Hand and Neck cancer Phase Ib		1.5 years	1.0	-	1.0
HPV (CIN3) Phase Ib		1.5 years	1.8	-	1.8
RNA collaboration		Ongoing	1.5	-	1.5
Immuno-oncology		Ongoing	1.6	-	1.6
Opex	(iii)	5 years	5.0	2.3	2.7
			18.0	7.9	10.1

Notes:

- (i) Phase 2b study is to be undertaken in China with a larger study group (160 people) using higher doses. A new batch of the vaccine needs to be developed as current stored vaccine has extended beyond its shelf life (current estimated cost to redevelop vaccine is \$1.4m).
- (ii) To assess safety tolerability and immunogenicity.
- (iii) Opex has been allocated on a pro rata basis based on discussion with Management.

6. OVERVIEW OF THE PROPOSED TRANSACTION

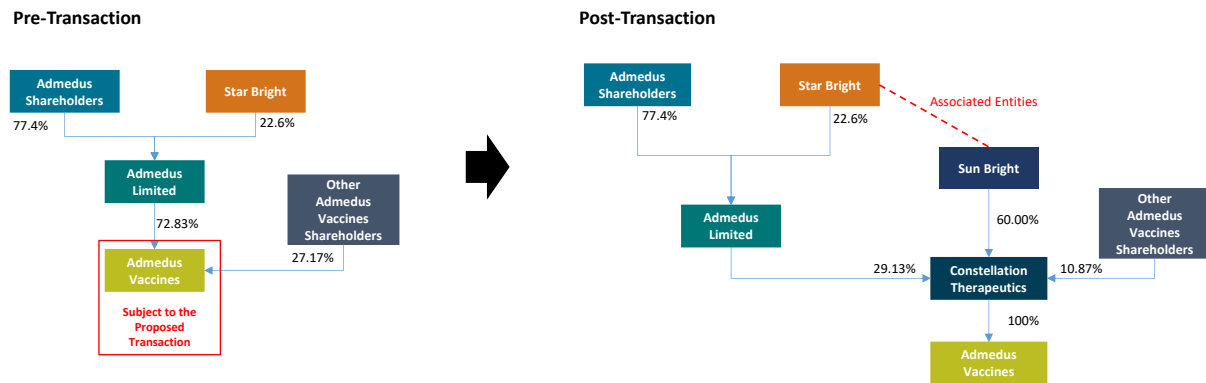
6.1 Summary

In November 2018 the exclusivity period to finalise the terms of the Proposed Transaction was extended for a further 6 months. In addition, Star Bright advanced \$0.5m to Admedus Vaccines to fund its ongoing operations while the details of the investment and related documentation are finalised. Admedus has provided Star Bright with security over a number of its shares in Admedus Vaccines to approximately the value of the loan (\$0.5m).

The Proposed Transaction is being documented under the following agreements:

- Share Sale Agreement – a newly incorporated company, Constellation, a Hong Kong incorporated company, is to acquire all the issued shares in Admedus Vaccines, the consideration to be paid by the issue of shares (in the same proportion) to the existing shareholders of Admedus Vaccines.
- Subscription Agreement between Sun Bright and Constellation – Sun Bright agrees to make payments in consideration for its 60% interest in Constellation by paying \$18m in 5 equal tranches of \$3.6m, subject to completion of milestones (see Section 6.3).
- Shareholders Agreement between the Shareholders of Constellation to set out the running of Admedus Vaccines, the business cooperation between Sun Bright and existing shareholders, decision making procedures for Constellation, disposal of shares in Constellation and the respective rights, duties and obligations of Constellation and its shareholders.

The Proposed Transaction structure is set out below:



6.2 Conditions Precedent

Completion of the Proposed Transaction will be subject to the satisfaction of the following conditions:

- Consent is received regarding the change of control regarding the TRI Licence Agreement (the rental agreement for Admedus Vaccines);
- All pre-clinical information supporting the trial procedure and all data generated in the course of the trial be delivered to Constellation; and
- Passing of a resolution at a general meeting of the members of Admedus in compliance with ASX Listing Rules 10.1 and 10.10.

6.3 Payment schedule and milestones

The subscription amount of \$18m is to be paid to Constellation will be in five equal tranches and based on certain milestones. A summary of these milestones is set out below:

#	Instalment	Date Payable	Milestone
#1	\$3.6m (i)	Upon completion	
#2	\$3.6m	30 Nov-2019	Provided that the following have been satisfied: (a) transfer and assignment of intellectual property to a subsidiary of Constellation in Shenzhen, China (b) provide the necessary information and documentation for Investigational New Drug ("IND") submission to China Food & Drug Administration ("CFDA") and human ethics to conduct proposed HPV CIN3 and HSV-2 clinical trials in mainland China (c) if required, provide further information during CFDA IND assessment process for commencing the Phase 1b HPV CIN3 clinical trial in Q4-2019 (Oct-Dec); (d) if required, provide further information during CFDA IND assessment process for the pre-IND meeting with CFDA scheduled in April 2019 with an aim to obtain the IND and ethics approvals by end of 2019, commencing the Phase 1b HPV CIN3 clinical trial in Q4-2019 (Oct-Dec);
#3	\$3.6m	30 Nov-2020	Provided that the following have been satisfied: (a) executing any future new clinical development plan (including but not limited to new target identification or new treatment plan) related to AMV002.
#4	\$3.6m	30 Nov-2021	Provided that the following have been satisfied:

		(a) Constellation using its best endeavours to help obtain written approval on Drug Market Authorisation Holder to manufacture DNA therapeutic vaccines in mainland China.
#5	\$3.6m	30 Nov-2022 Provided that the following have been satisfied: (a) Admedus Vaccines providing all necessary support to the Phase 3 pivotal clinical trials or IND submission preparations depending on the whole clinical development progress in China.

Notes:

- (i) *Star Bright has already paid Admedus Vaccines \$1m in the form of a non-refundable break-fee (\$0.5m) and a short term loan (\$0.5). These amounts are to form part of the first instalment payment if the Proposed Transaction is approved (see Section 7.2 (iii) and (iv)).*
- (ii) *Payment of each instalment of \$3.6m will result in the issue of shares in Constellation equivalent to an equity interest of 12%, to a maximum of 60%. If the milestones are not achieved and/or Sun Bright fails to pay the respective instalment, there are mechanisms within the Subscription Deed for the transfer of shares from Sun Bright to other Admedus Vaccines shareholders so that the proportion of shares in Constellation held by Sun Bright properly reflects the payments made.*

7. FINANCIAL INFORMATION – ADMEDUS VACCINES

7.1 Profit and Loss Summary – Admedus Vaccines

Admedus changed its financial year end to a December year end in 2017 to align the company's reporting cycle with its business sales cycle. Set out below is a summary of Admedus Vaccines' financial performance for CY17 and CY18. The financial performance for CY17 has been represented by extracting the results from the respective half years.

The financial performance for CY18 has been extracted from the management accounts. Admedus Vaccines forms part of the consolidated financial statements of Admedus which is subject to external audit.

\$'000	Half Year Jun-17	Half Year Dec-17	Year ended 31 Dec-17	Year ended 31 Dec-18 Audited
Revenue				
Grant income	1,525	365	1,890	63
Other revenue	6	4	10	15
	1,531	369	1,900	78
Expenditure				
Research and development	(370)	(334)	(704)	(731)
Employee benefits	(266)	(354)	(620)	(627)
Occupancy	(60)	(57)	(117)	(121)
Consultants	(60)	(86)	(146)	(194)
Other	(21)	(9)	(30)	(13)
	(777)	(840)	(1,617)	(1,686)
EBITDA	754	(471)	283	(1,608)
Amortisation	(414)	(183)	(597)	-
Depreciation	(2)	(2)	(4)	(1)
Financing costs	(1)	-	(1)	(1)
Net Profit/(loss)	337	(656)	(319)	(1,610)

The above results reflect the earnings of Admedus Vaccines on a stand-alone basis. These results are adjusted on consolidation by Admedus to take into account the purchase price accounting adjustments recognised when its investment in Admedus Vaccines reached more than 50%. As noted

in Section 5.1, between 2010 and 2016 Admedus acquired a 72.8% interest in Admedus Vaccines through the subscription of shares at a total cost of \$13m. On or around 30 June 2013 Admedus had acquired over 50% of the issued capital in Admedus Vaccines, giving it control and requiring Admedus to consolidate the earnings and assets and liabilities within its financial statements.

A reconciliation between the results of Admedus Vaccines as a stand-alone entity (as summarised above) and the earnings included in the consolidated accounts of Admedus, are as follows:

\$'000	Half Year ended 31 Dec-17	Year ended 31 Dec-18 Audited
Net profit/(loss) – see above	(656)	(1,610)
Reconciliation/purchase price accounting adjustments:		
▪ Additional amortisation of technology licence	(82)	(165)
Net profit/(loss) included in Admedus consolidation	(738)	(1,775)

7.2 Financial Position – Admedus Vaccines

Set out below is a summary of the financial position as at 31 December 2017 and 31 December 2018 of Admedus Vaccines on a stand-alone basis and within the consolidated accounts of Admedus (after consolidation adjustments for purchase price accounting).

\$'000	Notes	Stand-alone Dec-17	Dec-18	Within Admedus Dec-17	Dec-18
Assets					
Cash and cash equivalents		774	651	774	651
Receivables – government grants		419	-	419	-
Plant and equipment		3	2	3	2
Intangibles – Technology licence	(i)	-	-	2,059	1,894
Intangibles - Goodwill	(i)	-	-	1,589	1,589
Total Assets		1,196	653	4,844	4,136
Liabilities					
Payables		(68)	(100)	(68)	(100)
Provisions		(79)	(115)	(79)	(115)
Loan – Star Bright	(ii)	-	(500)	-	(500)
Other – Break fee	(iii)	-	(500)	-	(500)
Total Liabilities		(147)	(1,215)	(147)	(1,215)
Net Assets/(Liabilities)	(v)	1,049	(562)	4,697	2,921
Equity					
Share capital	(iv)	56,993	56,993		
Retained losses	(iv)	(55,944)	(57,555)		
Total Equity/(Deficiency)	(v)	1,049	(562)		

Notes to the financial position of Admedus Vaccines:

- (i) **Intangible Assets** – At 30 June 2013 Admedus acquired a controlling interest of 50.1% in Admedus Vaccines and accounted for the acquisition as shown below. We have also summarised the carrying value of these assets as at 31 December 2017 and 2018 in the consolidated accounts of Admedus.

\$'000	30 Jun-13	31 Dec-17	31 Dec-18
Admedus % shareholding in Admedus Vaccines	50.1%	72.8%	72.8%
Net tangible assets	303	1,049	(562)
Intangible assets acquired/recognised			
▪ Technology licence	6,300	6,300	6,300
▪ Accumulated amortisation	-	(4,241)	(4,406)
▪ Goodwill	1,589	1,589	1,589
	8,192	4,697	2,921
Represented by:			
▪ Investment/cash payments	4,900	13,000	13,000
▪ Minority Interest	3,292	843	362
▪ Accumulated Losses/Reserves	-	(9,146)	(10,441)
	8,192	4,697	2,921

- (ii) **Loan – Star Bright** – As noted in Section 6.1, Star Bright advanced \$0.5m to Admedus Vaccines to fund the operations while the documentation relating to the Proposed Transaction is being finalised. This loan will be converted into share capital at completion and will form part of the first instalment payment by Sun Bright under the Proposed Transaction. If the Proposed Transaction is not approved, the loan becomes repayable on demand.
- (iii) **Other – Break fee** – Star Bright paid Admedus Vaccines a non-refundable break-fee of \$0.5m for a 6 month exclusivity period to finalise the terms of the agreement which led to the Proposed Transaction. This amount will also form part of the first instalment payment by Sun Bright under the Proposed Transaction. If the Proposed Transaction does not proceed, as the amount is non-refundable, the cash would be retained and recorded as revenue.
- (iv) **Issued Capital/Accumulated Losses** – At a high level, the issued capital of Admedus Vaccines (which represents its main source of funds) and accumulated losses (which represents its main use of funds), can be summarised as follows:

Issued Capital	Cash \$m	Non-Cash \$m	Accumulated Losses	Cash \$m	Non-Cash \$m
Issue of shares to:			Losses attributable to:		
▪ UniQuest *	-	44.0	▪ Amortisation - licence fee	-	13.1
▪ Admedus	13.0	-	▪ Interest – UniQuest	-	30.9
	13.0	44.0	▪ Operations/R&D	13.5	-
				13.5	44.0
	57.0			57.6	

*These shares were issued to UniQuest in 2009 on conversion of the convertible notes (see Section 5.1)

The cash operating losses incurred by Admedus Vaccines have primarily been funded by the equity capital received from Admedus and also government grants recognised as income through the profit and loss. These grants include R&D tax incentives of \$1.8m and \$1.5m in 2016 and 2017 respectively, and another grant of \$0.4m in 2017 half year. As such, it would appear that Admedus Vaccines has incurred total cash expenditure of approx. \$17.2m in connection with its activities over the past nine years following Admedus' involvement (see also Section 9.3).

- (v) **Net Assets/(Deficiency)** – As shown above, the recent operations of Admedus Vaccines have been funded by equity contributions received from Admedus and, to a lesser extent, from government grants. The last equity contribution from Admedus was received in June 2016.

Since then, Admedus Vaccines has reduced its research and development expenditure. In addition to funding received from government grants, Admedus Vaccines has recently received funding from Star Bright through the non-refundable break-fee and short term loan as noted above. At 31 December 2018, Admedus Vaccines had approx. \$0.5m in working capital (cash less payables). As such, the funding of ongoing operations appears dependent on the Proposed Transaction being approved, or the company finding an alternative funding source.

- (vi) **Contingent Royalty Payments** – In 2004 Admedus Vaccines (Coridon) entered into a research agreement with Jagen BTS Pty Ltd (“Jagen”) to undertake a research program (on behalf of Jagen) for the development a combined prophylactic and therapeutic polynucleotide vaccine for HSV-2. The research agreement required all applications for provisional patents and patents in relation to the project to be owned by Jagen. Admedus Vaccines was paid \$1.175m over a 2.5 year period in respect of the research program.

Jagen believes that as a result of the research program it has a future claim to royalties earned by Admedus Vaccines from the HSV-2 Vaccine. Admedus Vaccines has received legal advice that Jagen has no claim over respective future royalties and has informed Jagen that it has no ownership of the HSV-2 Vaccine. The parties have not yet been able to resolve the issues and no further action has been taken over the past 2 years.

7.3 Economic interests in Admedus Vaccines – Pre & Post

The major shareholders (directly and indirectly) in Admedus Vaccines pre- and post-Proposed Transaction are as follows:

	Before Proposed Transaction		After Proposed Transaction	
	Number (m)	%	Number (m)	%
Sun Bright (direct interest)	-	-	60.0	60.0%
Admedus	118.1	72.8%	29.1	29.1%
UniQuest	44.1	27.2%	10.9	10.9%
Others	-	-	-	-
TOTAL	162.2	100%	100.0	100%

Note:

The shareholding Post-Proposed Transaction is the shareholding in Constellation, which will own 100% of the equity in Admedus Vaccines.

We have been advised that Admedus Vaccines has 5,333,911 employee options issued. Each option has an exercise price of 16 cents and are ‘out-of-the-money’. We have been advised that pursuant to the Proposed Transaction all employee options will be cancelled.

8. VALUATION METHODOLOGY

8.1 General Overview

To estimate the fair market value of a share in Admedus Vaccines we have considered common market practice and the valuation methodologies recommended by RG 111, which deals with the content of independent expert’s reports. These are discussed below.

Market based methods

Market based methods estimate a company’s fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company’s recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value assessed on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving public trading multiples of comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods (DCF) estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. DCF methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate.

The net assets on a going concern basis method estimates the market value of the net assets of a company but does not take account of realisation costs.

These assets based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

Comparable Valuation

Comparable valuations are often used to value early stage biotechnology companies, such as Admedus Vaccines, by benchmarking against broadly comparable companies in the space and/or benchmarking against broadly comparable market transactions. When conducting such valuations it is necessary to consider company specific factors to assess their comparability to the company or product being valued.

8.2 Risks Associated with the Valuation of Biotechnology Companies

Biotechnology companies such as Admedus Vaccines are typically exposed to a number of general risks which may affect their financial performance and consequently have an impact on their valuation. A summary of a number of the general risks is set out below (although this is not an exhaustive list of all the possible risks that such companies could face).

<i>Ability to raise funding</i>	Biotechnology companies require funding to carry out their research and development, obtain regulatory approval, commercialise and market their products. The ability to raise such funding is often difficult.
<i>Conduct of trials</i>	Clinical trials generally require the adherence to stringent regulatory requirements relating to factors such as the design and methodology of the trials, the process of selecting candidates, clinical procedures, and ethical requirements. There is a risk that trials conducted by biotechnology companies may not meet certain requirements which may affect the validity of the trial or lead to additional expenses being incurred to rectify any issues in this regard.
<i>Trial results</i>	The results of clinical trials are uncertain by nature. Biotechnology companies face the risk that the actual results of clinical trials at each phase of the drug development process may be less favourable than anticipated.
<i>Regulatory approval</i>	Biotechnology companies may fail to obtain regulatory approval for their products. Even in instances where regulatory approval is obtained, there is a risk that the process of obtaining approval will require more time and cost than anticipated.
<i>Market penetration</i>	Even upon successful commercialisation of an approved drug, there is a risk that a biotechnology company may not be able to penetrate the existing market for the particular therapy and achieve its target market share.
<i>Uncertainty of costs</i>	It is often difficult for early stage biotechnology companies to ascertain the total costs associated with the commercialisation of a particular technology as these costs are incurred in the latter stages of the drug development process.
<i>Discovery of new alternate therapies</i>	All biotechnology companies face the risk that a new alternative therapy may be discovered by a competitor for the same disease or condition that a particular biotechnology company may be targeting.
<i>Large global competitors</i>	Small biotechnology companies have to compete with numerous other companies in the fields of drug development. Many of these companies are better resourced and financed and have significant competitive advantages in areas such as manufacturing, regulatory affairs and marketing and distribution.

8.3 Valuation Methodologies

In determining the most appropriate valuation methodology to apply when calculating the value of Admedus Vaccines, we have considered the following:

- **Market Based Methods** – Admedus Vaccines is at an early stage of its product development and has no product related revenue. Its shares are not readily tradeable. As such, a market based valuation approach is not applicable in valuing Admedus Vaccines.
- **Discounted Cash Flow (DCF) Method** – It is difficult to estimate reliable cash flow projections for both the development and commercialisation phases of Admedus Vaccines product life cycle as well as the probability of success given its early stage product development. Any forecast financial information relating to Admedus Vaccines would need to rely on largely hypothetical assumptions about future events which are uncertain. As such, we do not believe a DCF valuation approach is appropriate for the purpose of valuing Admedus Vaccines in this Report.
- **Asset Based Methods** – Admedus Vaccines major asset comprises the value ascribed to its early stage product development and associated patents. An orderly realisation or liquidation value associated would not be appropriate for the purpose of valuing Admedus Vaccines. However, the amount of expenditure incurred by the company to date can be used as a cross-check against the estimated market value of Admedus Vaccines using other valuation methodologies.
- **Comparable Valuation Method** – The comparable value method calculates a value having regard to either the trading prices of broadly comparable listed entities with similar staged products or benchmarking against broadly comparable market transactions. By extrapolation of the value of similar listed entities, or comparable market transactions, and making adjustments for circumstances specific to Admedus Vaccines as appropriate, provides an appropriate estimate of Admedus Vaccines current market value.

8.4 Other Comments

In order to consider whether the decrease in Admedus' economic interest in Admedus Vaccines (from 72.8% to 29.1%) is fair to Non-Associated Shareholders, we believe a key component of this assessment is a comparison of the fair value of Admedus' shareholding before and after the Proposed Transaction. This comparison is to be made by assuming a knowledgeable and willing (but not anxious) buyer and a knowledgeable and willing (but not anxious) seller, acting at arms length.

The principal assets of Admedus Vaccines comprise its DNA Vaccine Technology and intellectual property portfolio which covers the know-how specific to the HSV-2 Vaccine and HPV Vaccine. To assess a 'theoretical' fair value to these assets is difficult given the intangible nature of the assets, the timeframes to generate revenue and associated risks, and the limited market to realise the value of these assets.

Furthermore, we are to assume a knowledgeable and willing, but not anxious, seller. For the purpose of this exercise, Admedus is the seller given the substantial decrease in its equity holding in Admedus Vaccines. The current financial circumstances suggest that Admedus Vaccines will require further funding within months, and that its ongoing operations are dependent on continued funding from external sources. Admedus has previously announced it would no longer fund the ongoing operations of Admedus Vaccines.

9. FAIR VALUE – ADMEDUS VACCINES

9.1 Previous Valuations – Impairment Testing

When Admedus gained a controlling interest in Admedus Vaccines in 2013, it recognised the fair value of the technology licence and goodwill acquired at \$6.3m and \$1.6m respectively (see Section 7.2 (i)). The value attributed to the technology licence was based on an independent valuation by Griffith Hack which valued the intellectual property (technology licence together with know-how and associated pre-clinical and clinical data) at between \$4.6 and \$8.1m with a mid-point of \$6.3m.

For accounting purposes, these intangible assets are subject to impairment testing on (at least) an annual basis. At 30 June 2017 Griffith Hack (trading as Glasshouse Advisory) again provided an opinion on the value of Admedus Vaccines' intellectual property portfolio, although the valuation was restricted to the HSV-2 vaccine, being the most commercially advanced application of all the IP. As such, the valuation did not represent the full value of all of Admedus Vaccines' intellectual property. In any event, Griffith Hack concluded that the fair value of the IP, as it relates to the HSV-2 Vaccine, as at 30 June 2017, was between \$5.7m and \$6.5m with a mid-point of \$6.1m.

In arriving at fair value, Glasshouse Advisory (Griffith Hack) used the income approach and Risk Adjusted Discounted Cash Flow method. A licensing business model was assumed, with the forecast earnings stream based on royalty income received from a hypothetical licensee. As disclosed in Admedus' published financial statements, the discount rate applied to cash flow projections was 24.7% and cash flows were calculated using implied peak sales of \$2.3b to \$2.5b for HSV-2, using a cumulative probability of success of 23.7% for HSV-2, and royalty rate of 5%.

9.2 Internal Transactions

Biotechnology companies are typically funded initially by the founders/private investors, and then later by institutional type investors through milestone payments. These payments which are often linked to key value inflection points such as data from clinical or toxicology studies, movement of a drug into the next phase of development, or regulatory milestones such as filings and approvals by regulatory bodies by geography. For Admedus Vaccines, this was adopted when Admedus first became involved (in 2010) and again with Star Bright under the Proposed Transaction.

Admedus Vaccines also issued an Information Memorandum in June 2017 ("2017 IM") seeking to raise a minimum of \$12m. Although the 2017 IM was unsuccessful, we have included the underlying share price reflected in the 2017 IM as an indication of comparable transactions.

In considering the fair value of the shares in Admedus Vaccines, we have compared the inherent values underlying previous and proposed transactions as follows:

	No. of Shares ('m)	Funds Contributed (\$'m)		% Equity Interest	Deemed Market Cap (\$'m)	Price per Share
Admedus – 2010-2016	118.1	\$13.0m	*	72.8%	\$17.9m	11.0c
2017 IM (unsuccessful)	132.5	\$12.0m		45.0%	\$26.7m	9.1c
Star Bright – 2019	243.3	\$18.0m	*	60.0%	\$30.0m	7.4c

*For the purpose of the above exercise we have ignored applying any discount to the timing of funds contributed/to be contributed.

Comments on Price per Share:

- (i) **2017 IM** – As shown above, the 2017 IM issued by Admedus Vaccines was based on an effective share price of 9.1 cents per share. The 2017 IM was targeted to fund (\$12m) for the clinical development of the HPV Vaccine over a 2.5 to 3 year period, whereas the

Sun Bright funding, under the Proposed Transaction (\$18m), includes funding both the HSV-2 and HPV Vaccines. One of the reasons the 2017 IM was unsuccessful could suggest that the market viewed the price being offered for a shareholding in Admedus Vaccines as too high. Therefore, in considering the Proposed Transaction, we have viewed the 2017 IM as providing us with market evidence as to the higher end of the range of fair value for Admedus Vaccines.

- (ii) ***Sun Bright – 2019*** – The Proposed Transaction with Sun Bright is deemed to be a related party transaction as Star Bright (and its associates) currently hold a 22.6% interest in Admedus. However, when the Proposed Transaction was first announced, in April 2018, Star Bright and its associates did not hold any shares in Admedus. Star Bright’s initial investment in Admedus occurred in May 2018 when it participated in a \$6m capital raising by Admedus, subscribing for 1.67m shares at 30 cents each (\$0.5m), and later in August/September 2018 when Star Bright subscribed for approx. 69m shares at 10 cents and 13 cents (\$7.7m).

The terms and conditions of the Proposed Transaction have been documented through the initial Letter of Intent (April 2018), subsequent Memorandum of Understanding (June 2018) and under the current documentation summarised in Section 6.1 of this Report. However, the material terms of the Proposed Transaction remain largely the same, other than the introduction of milestone payments. We also note that the Letter of Intent signed in April 2018 also included a non-refundable break-fee of \$0.5m which further supports the intended commitment undertaken by Star Bright prior to becoming a related party of Admedus.

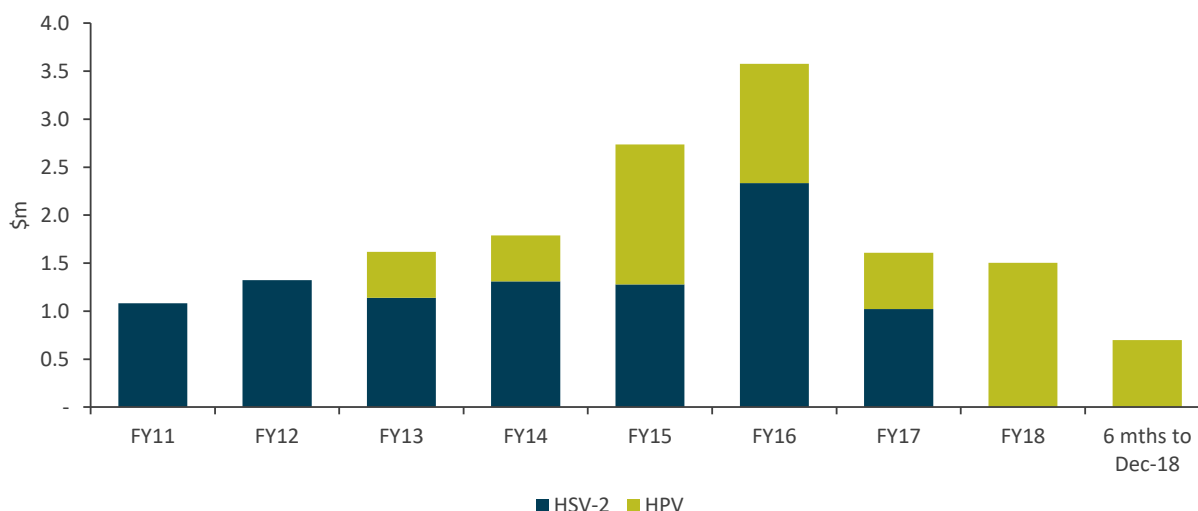
- (iii) ***Deteriorating Working Capital*** – As shown in Section 7.2 the working capital position of Admedus Vaccines deteriorated during calendar 2017 after Admedus ceased funding its activities. The reduction in the effective share price between the 2017 IM and the Star Bright transaction (in April 2018) may also partly reflect Admedus’ weaker bargaining position. In the later months of calendar 2018, Star Bright advanced \$0.5m to Admedus Vaccines to fund its operation until the Proposed Transaction is finalised, when further funds will be paid under the Subscription Agreement.

9.3 Clinical trial expenditure incurred to date

Management of Admedus Vaccines provided us with a summary of clinical trial R&D costs incurred between July 2010 to December 2018 relating to the development of the HSV-2 and HPV Vaccines through clinical trials, funded from the Admedus equity contributions and government grants.

In summary, total expenditure incurred by Admedus Vaccines over the past 8.5 years was \$9.5m towards the HSV-2 Vaccine and \$6.5m towards the HPV Vaccine (\$16m in total). The timing of this expenditure is summarised in the graph over page.

Clinical trial expenditure to date



The expenditure summarised above excludes any amounts incurred prior to 2011. We understand that prior to 2011 Admedus Vaccines' development program was mostly funded through government grants and contract research agreements which together totalled in excess of \$8m. These amounts have been excluded as the expenditure preceded any work done in respect of Phase I and Phase 2a clinical trials.

9.4 Market Transactions

- (i) **HSV-2 – Vical Phase 2 Clinical Study** – Vical Incorporated ("Vical") is a Nasdaq listed company based in the USA which develops biopharmaceutical products for the prevention and treatment of chronic or life threatening infectious diseases. Vical was in Phase 2 clinical study of its therapeutic bivalent vaccine candidate for HSV-2. In June 2018 Vical announced that the study did not meet its primary endpoint of annualised lesion recurrence rate that were confirmed during a minimum of 9 months of surveillance. As a result, Vical announced it was terminating the HSV-2 program.

Based on a weighted average share price one week before and after the announcement, Vical's market capitalisation fell from approx. A\$48m to A\$33m, a decrease of A\$15m. Whilst this may not reflect a sale transaction, it does show the inherent market value lost when Vical terminated its HSV-2 program. In comparing this transaction to Admedus Vaccines, we note that Vical was in Phase 2b efficacy study conducted using 261 healthy HSV-2 adults whereas Admedus Vaccines has completed Phase 2a safety study using only 44 subjects.

- (ii) **HPV – PDS Biotechnology Corporation ("PDS")**

- **Background** – PDS is a clinical stage biotechnology company seeking to develop and commercialise multi-functional cancer immunotherapy products including:
 - HPV pre-cancer (cervical, anal, vulvar, vaginal)
 - HPV-related head and neck cancer (same as Admedus Vaccines)

The current development pipeline of cancer immunotherapy products are based on the Versamune platform and can potentially be used both as immunotherapies in early stage disease and as a component of combination products with other leading technologies to provide effective treatment across a range of cancer types,

including HPV based cancers, melanoma, colorectal, lung, breast and prostate cancers.

- *PDS Licensing Agreement with Merck* – In July 2012 PDS announced that it had entered into an exclusive worldwide licensing agreement with Merck KGAD (“Merck”), a German based pharmaceutical company. Under the agreement Merck obtained the rights to use PDS’s Versamune technology (HPV) in Merck’s cancer immunotherapies that were in pre-clinical development. PDS received a non-refundable fee of US\$1.8m upfront plus the opportunity to receive royalties on sales of the products incorporating the technology.
- *NetScientific’s Investment in PDS* – In December 2014 NetScientific plc (“NetScientific”), a biomedical and healthcare technology group that funds and develops technologies, announced that it had acquired a 14.85% shareholding in PDS at a cost of £1.76m (A\$3.3m). This would imply an equity value (100%) of \$22m. At that date, the company’s lead product PDS0101 was in Phase I clinical trials for HPV related cancers. PDS also had ongoing pre-clinical programs for other cancers.

We understand that Admedus Vaccines has currently only initiated Phase 1 clinical trial and would need to progress its program under the Proposed Transaction to be in a similar position to PDS as the time of NetScientific’s transactions.

- *Edge Therapeutics Proposed Acquisition of PDS* – In November 2018, Edge Therapeutics Inc (“Edge”), a Nasdaq listed company, announced the merger of PDS and Edge, the consideration to be structured as a shares-for-shares transaction. Under the exchange ratio formula in the merger agreement, following the merger the PDS shareholders will hold approx. 70% of the combined company and existing Edge shareholders holding 30%. The market capitalisation of Edge at the time of the announcement was A\$29m and has since fallen to A\$18m (15 February 2019). Given this proposed transaction has occurred four years after the NetScientific’s investment, we understand that the developmental stage of PDS’s programs are much further advanced than Admedus Vaccines (post funding). As such, we have not considered this transaction in our fair value assessment of Admedus Vaccines.

9.5 Fair Value Calculation

(i) Overview

The principal assets of Admedus Vaccines comprise its intellectual property portfolio. As such, we have employed a ‘sum-of-the-parts’ method in estimating the fair value of Admedus Vaccines by aggregating the estimated fair market values of its underlying assets and liabilities. The value of the HSV-2 and HPV programs have been assessed by extrapolation of the value of comparable market transactions and making adjustments for circumstances specific to Admedus Vaccines as appropriate. We have disregarded the other net tangible assets (i.e. cash, payables and provisions) in our sum-of-the-parts valuation methodology as their inclusion does not materially change the valuation or our conclusion.

We have assessed a fair value for Admedus Vaccines by using the above information in this section (market transactions, clinical trial expenditure to date, internal transactions) as well as the proposed funding requirements under the Proposed Transaction (set out in Section 5.4). The market transactions set out in Section 9.4 are based on companies

which are in development of products comparable to Admedus Vaccines, but are in different stages of development. As such, we have adjusted the comparable market transactions for the estimated expenditure to be undertaken by Admedus Vaccines to reach the comparable stage of development and other factors as required.

(ii) **Summary Table**

	Reference Section	HSV-2 \$m	HPV \$m	Total \$m
Actual & Proposed Funding				
Expenditure incurred to date	9.3	9.5	6.5	16.0
Proposed Transaction funding	5.4	7.9	10.1	18.0
		17.4	16.6	34.0
Intended Transaction – 2017 IM				
Expenditure incurred to date	9.3	9.5	6.5	16.0
Proposed funding (2017 IM)	9.2	-	12.0	12.0
		9.5	18.5	28.0
Market Transactions				
Vical – decrease in value	9.4 (i)	15.0	-	15.0
PDS – NetScientific’s investment	9.4 (ii)	-	22.0	22.0
		15.0	22.0	37.0

(iii) **Fair Value Assessment**

In our assessment of the fair value of Admedus Vaccines we have adjusted the market transactions shown above by the estimated additional expenditure to be incurred by Admedus Vaccines to reach the development stage of those respective companies. We have also adjusted the value of comparable market transactions to take into account the following circumstances/differences specific to Admedus Vaccines in regard to their programs:

	HSV-2	HPV
▪ Advanced stage of comparable companies’ clinical trials and the risks associated with progressing the clinical trial to the next phase	✓	✓
▪ Added value resulting from the license agreement with Merck	x	✓
▪ Broader product pipeline held by PDS with its HPV program	x	✓
▪ Contingent royalty payments (refer Section 7.2 (vi))	✓	x

In making an adjustment for the different circumstances between the comparable market transactions and Admedus Vaccines, we have applied professional judgement.

For the purpose of this exercise we have adopted a discount to the comparable market transactions, in the range of 5% - 15% for HSV-2 program and 15% to 40% for HPV program. The higher discount rate for the HPV program reflects the additional value attributed to PDS due to its licensing agreement and broader product pipeline.

\$m Assessment	Ref	HSV-2		HPV	
		Low	High	Low	High
Fair value – market	9.5 (ii)	15.0	15.0	22.0	22.0
Less allowance for specific circumstances/differences to Admedus Vaccines (see above)		(2.2)	(0.7)	(8.8)	(3.3)
Less expenditure to be incurred to reach comparable stage of clinical trial	5.4	(7.9)	(7.9)	(10.1)	(10.1)
Fair value – by Program (\$m)		4.9	6.4	3.1	8.6
Fair value – Admedus Vaccines		\$8.0m – \$15.0m			

Based on the above analysis we have assessed a fair value of Admedus Vaccines using a sum-of-the-parts (HSV-2 and HPV programs) in the range of \$8m to \$15m. The wider range in value attributed to the HPV program is because it is not as commercially advanced as the HSV-2 program.

(iv) Cross check

We recognise that it is difficult to ascribe a fair value of Admedus Vaccines given the early stage of the company's product lifecycle and the uncertainty surrounding commercialisation of the products. In summary, we have considered the value of Admedus Vaccines based on a sum-of-the-parts of broadly comparable market transactions, adjusted for the relative stage of the biotechnology lifecycle to Admedus Vaccines and product range.

Based on the analysis set out in Section 9(iii) above, we assessed the fair value of Admedus Vaccines in the range of \$8m to \$15m. This range in value was cross-checked against the following information:

- *HSV-2* – The assessed fair value of the HSV-2 technology in the range of \$4.9m to \$6.4m was compared to the June 2017 impairment test applied for accounting purposes. As noted in Section 9.1 the directors received an independent valuation of Admedus Vaccines' intellectual property, as it relates to the HSV-2 vaccine, of between \$5.7m to \$6.5m, with a mid-point of \$6.1m. The assessed fair value lies between the independent valuation received for impairment testing.
- *HPV* – The assessed fair value of the HPV technology of between \$3.1m and \$8.6m was compared the actual clinical trial costs incurred to date of \$6.5m and the PDS licensing agreement with Merck in July 2012. We believe the PDS licensing agreement would have been negotiated when PDS was in a similar development stage as Admedus Vaccines. The value of the PDS license agreement included an upfront payment of \$2.5m (US\$1.8m) and the opportunity to receive future royalties. We have not been provided with any information in order to assess the net present value of the future royalty streams, which would typically be heavily discounted for the associated risks.

- *Total value* – The assessed fair value of Admedus Vaccines in the range of \$8m to \$15m was compared to the inherent valuation underlying the failed 2017 IM capital raising. As noted in Section 9.2 the 2017 IM had a pre-capital raising value of \$14.7m (55% of \$26.7m). In our commentary in Section 9.2(i) we viewed the 2017 IM as providing us with market evidence as to the higher end of the range of fair value for Admedus Vaccines.

10. Evaluation of the Proposed Transaction

10.1 Overview

In forming our opinion as to whether the Proposed Transaction is fair and reasonable for the Non-Associated Shareholders of Admedus, we have:

- Calculated the fair value of the equity in Admedus Vaccines, on a controlling interest basis, before the Proposed Transaction and the fair value of the equity in Constellation, on a controlling basis, after the Proposed Transaction;
- Considered whether a premium for control should be applied in the circumstances, given that Admedus' economic interest in Admedus Vaccines will decrease from 72.8% to 29.1% if the Proposed Transaction is approved by the Non-Associated Shareholders; and
- Considered the advantages and disadvantages to the Non-Associated Shareholders if they were to approve or not approve the Proposed Transaction.

10.2 Fairness assessment

(i) Fair value before the Proposed Transaction

We have assessed the fair value of Admedus Vaccines before the Proposed Transaction inclusive of a premium for control, to lie in the range of \$8m to \$15m (refer Section 9.5(iii)). The value of Admedus Vaccines has been assessed on the basis of market value, that is, the value derived in a hypothetical transaction between a knowledgeable, willing, but not anxious seller acting at arms length.

Our range of market values does not include any potential strategic or operational synergies that may be unique to particular investors. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

(ii) Fair value after the Proposed Transaction

We have assessed the fair value of Admedus Vaccines immediately after the Proposed Transaction, inclusive of a premium for control, by reference to the implied share price under the Proposed Transaction. As shown in Section 9.2, Sun Bright will be entitled to a 60% interest in Constellation (which will own 100% of Admedus Vaccines) by contributing \$18m cash in five equal tranches over the period to November 2022. This implies a market capitalisation of Constellation/Admedus Vaccines of \$30m, based on \$18m funding.

Since the funds are to be received over time, we have calculated the present value of the \$18m funding contribution. In so doing, we have applied a discount rate (2.5%) equivalent to current bank deposit rates on the basis that had the funds been received upfront, Admedus Vaccines (or Constellation) would likely hold the amount on cash deposit (in safe keeping) until utilised. As such, the net present value of the funds (to be) received for Sun Bright's 60% interest in Constellation equates to \$17.2m. This implies a market value of Constellation immediately after the Proposed Transaction, inclusive of a control premium, of \$28.6m.

(iii) Minority interest discount

The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values.

A minority interest discount is the inverse of a premium for control and generally ranges between 15% and 30%. The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. However, ability to control can also be reduced through shareholder agreements that set out the respective rights, duties and obligations of the shareholders and the company. In the case of Admedus Vaccines, the shareholder agreement dated April 2010 requires a number of important decisions to be passed by shareholder approval of 75% or more. The same applies under the shareholder's agreement for Constellation which forms part of the Proposed Transaction.

Given this background, Admedus' control position before the Proposed Transaction is somewhat restricted and its minority position after the Proposed Transaction will be somewhat protected. Furthermore, the nature of early stage biotechnology companies, which continually require funding to progress its research and development activities, would suggest that control of its activities indirectly rests with the parties who provide the funding. When Admedus Vaccines issued the 2017 IM, and later in April 2018 when Admedus announced it would no longer fund Admedus Vaccines, Admedus would have known that its control over Admedus Vaccines was only temporary.

On this basis we believe the level of discount, to be applied to calculate the value of Admedus' minority interest position in Constellation, should be low. Based on the above considerations we have applied a minority interest discount of 10%.

(iv) Evaluation of Fairness

Admedus currently holds 118.1m shares in Admedus Vaccines (72.8% of the issued capital). Under the Proposed Transaction, Admedus will hold 29.1m shares in Constellation (or 29.1% of the issued capital). A comparison of the assessed fair value of Admedus' shareholding in Admedus Vaccines before the Proposed Transaction, and in Constellation after the Proposed Transaction (inclusive of a minority discount) is summarised below.

	Ref	Before Proposed Transaction	After Proposed Transaction
Assessed fair value – 100%			
- Admedus Vaccines	9.5(iii)	\$8.0m – \$15.0m	-
- Constellation	10.2(ii)	-	\$28.6m
No. of shares on issue (m)	7.3	162.2	100.0
No. of shares held by Admedus (m)	7.3	118.1	29.1
Assessed Value of Admedus' investment		\$5.8m – \$10.9m	\$8.3m
Less minority interest discount – 10%		n/a	(\$0.8m)
Assessed Value of Admedus' investment		\$5.8m – \$10.9m	\$7.5m

RG111.57 provides that the Proposed Transaction will be 'fair' if the value of interest in Admedus Vaccines being acquired is equal to or less than the value of the consideration being provided by Star Bright.

The above analysis shows that the fair value of Admedus' shareholding in Constellation after the Proposed Transaction falls within the assessed range of the Admedus' shareholding in Admedus Vaccines before the Proposed Transaction. **In our opinion, the Proposed Transaction is fair.**

10.3 Reasonableness

In accordance with ASIC RG 111 an offer is reasonable if it is fair. On this basis, **in our opinion the Proposed Transaction is reasonable.** Notwithstanding, we have also considered the following advantages and disadvantages in assessing the reasonableness of the Proposed Transaction.

Advantages of approving the Proposed Transaction

Advantages	Commentary
Future funding to progress the research and development programs of Admedus Vaccines.	Under the Proposed Transaction the proceeds to be received from Sun Bright are to be used to fund Admedus Vaccines' ongoing research and development activities. Admedus will not have to fund any further development expenditure. Admedus has ceased to fund Admedus Vaccines. Having regard to Admedus Vaccines' working capital at December 2018, the company appears to have insufficient working capital for ongoing development without a cash injection over the next few months.
Continued interest in Admedus Vaccines	The Proposed Transaction provides Admedus with the opportunity to retain an interest of 29.1%. This retention will allow Admedus to benefit from any future growth in value to be derived from the current programs if there are any future material developments.

Disadvantages of approving the Proposed Transaction

Disadvantages	Commentary
Loss of direct control of Admedus Vaccines	Admedus currently has direct control of Admedus Vaccines through its 72.8% shareholding, which will reduce to 29.1% under the Proposed Transaction. Admedus would lose control of Admedus Vaccines and no longer have the power to control the strategy and direction of Admedus Vaccines. See also comments in Section 10.1(iii).
Investment in a foreign domiciled company	Constellation, a Hong Kong incorporated company, has been established for the purpose of acquiring Admedus Vaccines. Following the Proposed Transaction, Admedus will exchange its shares in Admedus Vaccines for shares in Constellation. As Constellation has been incorporated in Hong Kong, the company will be bound by the rules and regulations of Hong Kong. In addition, Admedus' continued interest in Constellation will be impacted by foreign exchange movements against the Australian dollar.

Other considerations

- Alternatives** As an alternative, Non-Associated Shareholders can vote against the Proposed Transaction with a view of realising greater value through investigating a superior funding arrangement for Admedus Vaccines. There is no evidence to suggest that the Non-Associated Shareholders would be better off under this alternative. We have discussed with the Directors of Admedus and Admedus Vaccines the likelihood of alternative offers emerging and we have been advised that the directors are not aware of any alternative or superior offer to provide ongoing funding for Admedus Vaccines.
- Board view** We note that the independent directors of Admedus have unanimously recommended that the Non-Associated Shareholders approve the Proposed Transaction, in the absence of a superior proposal.
- Tax implications** Pitcher Partners CF has not considered the specific taxation implications for individual Non-Associated Shareholders. The specific tax consequences of the Proposed Transaction will vary depending on the circumstances of each individual shareholder. We recommend that each shareholder seek their own professional advice when considering the taxation consequences of the Proposed Transaction.

10.4 Conclusion

In the absence of a superior alternative, based on the matters outlined above, in our opinion, the Proposed Transaction is **Fair** and **Reasonable** to the Non-Associated Shareholders of Admedus.

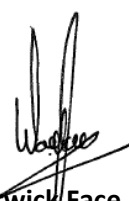
Other matters

Pitcher Partners Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide has been included within this Report.

The decision of whether to vote in favour of the Proposed Transaction is a matter for each Non-associated Shareholder of Admedus to decide based on their own views of value of Admedus Vaccines, including such matters as future market expectations, risk profile and investment strategy. If each Non-associated Shareholder of Admedus are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

PITCHER PARTNERS CORPORATE FINANCE LIMITED


Warwick Face
Executive Director
Ross Walker
Executive Director

APPENDIX A QUALIFICATIONS, DECLARATIONS AND CONSENTS

Qualifications

Pitcher Partners CF is the licensed corporate advisory arm of the accounting firm Pitcher Partners, Brisbane. Pitcher Partners CF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and the provision of expert reports.

Warwick Face is a director of Pitcher Partners CF, a partner of Pitcher Partners and is responsible for the preparation of this report. Warwick holds the following qualifications: Bachelor of Commerce; Fellow Institute of Chartered Accountants; AFSL Authorised Representative; and Licenced Real Estate Agent.

Warwick has a significant number of years in relevant corporate advisory matters, including valuations, due diligence, capital markets, mergers and acquisition and IPOs across a range of industries.

Ross Walker, FCA, B.Com, is a director of Pitcher Partners CF and is responsible for the preparation of this report. Mr Walker has in excess of 25 years experience in corporate finance and has undertaken numerous corporate finance assignments involving acquisitions, divestments, valuations and financial due diligence.

Disclaimers

This report has been prepared at the request of the Directors of Admedus regarding the Proposed Transaction.

It is not intended that this Report should be used or relied upon for any purpose other than Pitcher Partners CF's opinion as to the fair value of Admedus Vaccines. Pitcher Partners CF expressly disclaims any liability to any Admedus shareholder who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose whatsoever.

Independence

In addition to the disclosures in our FSG it is relevant to a consideration of our independence that, during the course of this engagement, Pitcher Partners CF provided draft copies of this report to management of Admedus and Admedus Vaccines for comment as to factual accuracy, as opposed to opinions which are the responsibility of Pitcher Partners CF alone. Changes made to this report as a result of those reviews have not altered the opinions of Pitcher Partners CF as stated in this report.

Consent

Pitcher Partners CF consents to the inclusion of this Report in the form and context in which it is included within Proposed Transaction documentation. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of Pitcher Partners CF as to the form and context in which it appears.

APPENDIX B GLOSSARY

The following definitions have been used throughout this report:

Abbreviation	Description
\$	Australian dollars
\$m	Millions
Admedus	Admedus Limited, a ASX listed company
Admedus Vaccines	Admedus Vaccines Pty Ltd
ASX	Australian Securities Exchange
ASIC	Australian Securities & Investment Commission
Constellation	Constellation Therapeutics Limited, a Hong Kong incorporated company, which is to be the holding company of Admedus Vaccines
Coridon	Coridon Pty Ltd, now currently referred to as Admedus Vaccines
CDFA	China Food & Drug Authority
CY	Calendar year
DCF	Discounted Cash Flow
Edge	Edge Therapeutics
FSG	Financial Services Guide
FOB	Financial Ombudsman Service
HPV	Human papillomavirus
HSV-2	Herpes simplex virus Type 2
IER	Independent Expert's Report
IM	Information Memorandum
IND	Investigative New Drug
Jagen	Jagen BTS Pty Ltd
Merck	Merck KGAD
Non-Associated Shareholders	Shareholders of Admedus that are not associated with Star Bright
PDS	PDS Biotechnology Corporation
Pitcher Partners CF	Pitcher Partners Corporate Finance Limited
Proposed Transaction	Proposed transaction involving the acquisition of Admedus Vaccines, which is the subject of this IER
RG	ASIC Regulatory Guide
RG111	ASIC Regulatory Guide 111: Content of expert reports
RG12	ASIC Regulatory Guide 112: Independence of experts
Star Bright	Star Bright Holding Ltd
Sun Bright	Sun Bright Holdings (HK) Industrial Limited
UniQuest	UniQuest Pty Ltd
Vical	Vical Incorporated

APPENDIX C SOURCES OF INFORMATION

In forming our opinion, we have had regard to the following sources of information:

- Subscription Agreement between Constellation Therapeutics Limited, Sun Bright (HK) Industrial Limited and Other shareholders;
- Share Sale Agreement;
- Shareholders Agreement between Constellation Therapeutics Limited, Sun Bright (HK) Industrial Limited and Other shareholders;
- Press releases and announcement by Admedus on the ASX;
- Annual and Semi-annual reports/consolidated accounts of Admedus;
- Financial accounts of Admedus Vaccines;
- Information Memorandum – Issue of Ordinary Shares, dated 6 Jun-17 as prepared by Management;
- Admedus Vaccines’ proposed 5 year research plan;
- Original subscription agreement between Admedus Vaccines and Admedus (2010);
- Option agreement between Admedus Vaccines and Admedus (2010);
- License agreement between Admedus Vaccines and UniQuest;
- Summary of clinical trials R&D expenditure prepared by Management;
- Shareholder register for Admedus and Admedus Vaccines, including historical transactions of Admedus Vaccines;
- Valuation of Admedus intellectual property for impairment testing purposes at Jun-17;
- S&P CapitalIQ;
- Other publicly available information.