



AVECHO BIOTECHNOLOGY LIMITED
ACN 056 482 403

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Monday, 31 May 2021

Time of Meeting:
1.00pm (AEST)

Place of Meeting:
Grant Thornton Australia Limited
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne, VIC 3008

*This Notice of Annual General Meeting and Explanatory Statement 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 advisor without delay.*

AVECHO BIOTECHNOLOGY LIMITED

ACN 056 482 403

Registered Office: Unit A8, 2A Westall Road, Clayton, VIC 3168

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM / Meeting**) of shareholders of Avecho Biotechnology Limited (**the Company**) will be held at Grant Thornton Australia Limited, Level 22 Tower 5, Collins Square, 727 Collins Street, Melbourne VIC 3008 on Monday, 31 May 2021 at 1.00pm (AEST).

AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, including defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement, and the Proxy Form in their entirety.

ORDINARY BUSINESS

Receipt and Consideration of Financial Statements and Reports

To receive and consider the Financial Report of the Company, together with the Directors' Report (including the Remuneration Report) and the Auditors' Report for the year ended 31 December 2020.

Note: Except as set out in Resolution 1, there is no requirement for Shareholders to vote on a resolution or adopt these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

"That for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 31 December 2020 be adopted."

Resolution 2: Re-Election of Mr David Segal as a Director of the Company

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

"That Mr David Segal, being a Director who retires by rotation pursuant to the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company."

Resolution 3: Approval to Grant Options to Dr Gregory Collier (or his nominee)

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

"That, pursuant to and in accordance with ASX Listing Rule 10.14, and for all other purposes, approval be given to issue under the Company's Equity Incentive Plan a total of 5,990,465 unlisted options to Dr Gregory Collier (a Director of the Company), or his nominee, expiring 42 months from date of issue, and having the exercise price, vesting date and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting."

Resolution 4: Approval to Grant Options to Mr David Segal (or his nominee)

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

“That, pursuant to and in accordance with ASX Listing Rule 10.14, and for all other purposes, approval be given to issue under the Company’s Equity Incentive Plan a total of 3,993,644 unlisted options to Mr David Segal (Chair and Director of the Company), or his nominee, expiring 42 months from date of issue, and having the exercise price, vesting date and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”

Resolution 5: Approval to Grant Options to Dr Ross Murdoch (or his nominee)

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

“That, pursuant to and in accordance with ASX Listing Rule 10.14, and for all other purposes, approval be given to issue under the Company’s Equity Incentive Plan a total of 3,993,644 unlisted options to Dr Ross Murdoch (a Director of the Company), or his nominee, expiring 42 months from date of issue, and having the exercise price, vesting date and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”

Resolution 6: Approval to Grant Options to Mr Matthew McNamara (or his nominee)

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

“That, pursuant to and in accordance with ASX Listing Rule 10.14, and for all other purposes, approval be given to issue under the Company’s Equity Incentive Plan a total of 3,993,644 unlisted options to Mr Matthew McNamara (a Director of the Company), or his nominee, expiring 42 months from date of issue, and having the exercise price, vesting date and other terms and conditions set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”

Resolution 7: Ratification of Prior Issue of Shares

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify, and confirm the allotment and issue on 15 February 2021 of 229,999,999 fully paid ordinary shares in the Company at an issue price of \$0.022 (2.2 cents) per share as described in the Explanatory Statement.”

Resolution 8: Ratification of Prior Issue of Options

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

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, shareholders approve, ratify, and confirm the issue of up to 115,000,000 Listed Options (exercisable at \$0.035 each and expiring on 31 December 2023) attached to the fully paid ordinary shares issued on 15 February 2021 to institutional and sophisticated investors, under the terms and conditions set out in the Explanatory Statement.”

Resolution 9: Ratification of Prior Issue of Broker Options

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve, ratify, and confirm the issue of 7,500,000 Listed Options (exercisable at \$0.035 each and expiring on 31 December 2023) on 15 February 2021 to Peak Asset Management (or their nominees) on the terms set out in the Explanatory Statement.”

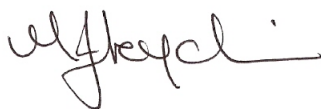
SPECIAL BUSINESS

Resolution 10: Approval of 10% Placement Facility

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

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Melanie Leydin', with a stylized flourish at the end.

Melanie Leydin
Company Secretary
14 April 2021

NOTES

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEST) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each Shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a Shareholder is a company, it must execute under its common seal or otherwise in accordance with its Constitution or the Corporations Act.
 - e. Where a Shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Investor Services Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 1.00pm (AEST) on Saturday, 29 May 2021. Any proxy received after that time will not be valid for the scheduled Meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this Resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (**KMP voter**), unless the KMP voter is casting a vote on this Resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the KMP voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on the Resolution; and
 - b. expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or the consolidated entity.

If you appoint the Chair as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 2

There are no voting exclusions on this Resolution.

Resolutions 3, 4, 5 and 6

The Company will disregard any votes cast in favour of each of these Resolutions (respectively and separately) by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Company's Equity Incentive Plan, being the following directors:
 - a. Dr Gregory Collier (or his nominee);
 - b. Mr David Segal (or his nominee);
 - c. Dr Ross Murdoch (or his nominee); and
 - d. Mr Matthew McNamara (or his nominee) or
- (b) an associate of that person or those persons.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - b. the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on these Resolutions - see item 6 below.

Resolutions 7 and 8

The Company will disregard any votes cast in favour on these Resolutions by any person who participated in the issue of shares and any associates of those persons, or any person who is a counterparty to the agreement being approved.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9

The Company will disregard any votes cast in favour on this Resolution by Peak Asset Management and any associates of Peak Asset Management, or any person who is a counterparty to the agreement being approved.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 10

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this resolution is not currently required by Listing Rule 7.3A.7.

6. Restrictions on KMPs voting undirected proxies:

A vote must not be cast as proxy on any of Resolution 1 or Resolutions 3 to 6 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a “**Restricted Voter**”) may cast a vote on behalf of a person who is not a Restricted Voter on any of Resolution 1 or Resolutions 3 to 6 as a proxy if:

- (a) The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution(s); or
- (b) The Chair is the Restricted Voter and the written appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution(s) and expressly authorises the Chair to exercise the proxy even though the Resolution(s) is or are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

7. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

ORDINARY BUSINESS

Receipt and Consideration of Financial Statements and Reports

A copy of the Annual Report for the financial year ended 31 December 2020 (which incorporates the Company's Financial Report, Directors Report (including the Remuneration Report and the Auditors Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders.

You may obtain a hard copy free of charge by contacting the Company by phone at (03) 9692 7222 and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: <http://avecho.com.au/> or via the Company's announcement platform on ASX.

Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2020 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Board encourage all eligible shareholders to cast their votes in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 2: Re-Election of Mr David Segal as a Director of the Company

Background

The Constitution of the Company requires that at every Annual General Meeting, one third of Directors shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr David Segal, being eligible, offers himself for re-election.

Mr Segal was appointed as a Non-Executive Director on 19 May 2016.

Mr Segal was the Investor Relations Manager of the Company from 2011 to 2015. He worked in stockbroking for over 30 years, where he set up and raised capital for and ran Trent Securities which was absorbed into Shaw Stockbroking in 1992. Mr Segal has been a shareholder of the Company since 1999 and has a close rapport with many shareholders whom he engaged with in his role as Investor Relations Manager or as an investment adviser at Shaw Stockbroking. He has a Law and Commerce degree from Melbourne University and is a Graduate of the Australian Institute of Company Directors.

Board Recommendation

The Board (with Mr Segal abstaining) recommends that Shareholders vote in favour of this Resolution. The Chair of the Meeting intends to vote undirected proxies in favour of Mr Segal's re-election.

Voting Exclusions

There are no voting exclusions on this Resolution.

Resolutions 3, 4, 5 and 6: Approval to Grant Options to the Directors (or their nominees)

Background

Resolutions 3 to 6 provide for a total of up to 17,971,397 unlisted options ("the Options") being granted under the Company's Equity Incentive Plan (the Plan), previously approved by shareholders on 13 July 2020, to the four Non-Executive Directors of the Company (or their respective nominees) as described below:

Director (or nominee)	Number of Options
Dr Gregory Collier	5,990,465
Mr David Segal	3,993,644
Dr Ross Murdoch	3,993,644
Mr Matthew McNamara	3,993,644
Total	17,971,397

The Options have an exercise price of \$0.0169 (1.69 cents) each and will expire 42 months from date of issue. The Options will vest in four tranches, as detailed below:

- Tranche 1: 25% of the Options to vest on or about the 28 May 2021 ("**Date of Issue**"), but no later than one month after the date of the meeting.
- Tranche 2: 25% of the Options to vest 12 months from Date of Issue
- Tranche 3: 25% of the Options to vest 23 months from Date of Issue
- Tranche 4: 25% of the Options to vest 36 months from Date of Issue

The Options will vest subject to service conditions being met on the vesting date unless a change in employment terms has been agreed in writing with the Company regarding the treatment of unvested Options where they cease to be Directors prior to the vesting date.

A summary of the material terms of the Options and Equity Incentive Plan are respectively set out in **Annexure A and B**.

Directors' Remuneration Packages and Interests

As at the date of this Notice, the details (including the amount) of the current total remuneration package of each of the Directors to whom (or to whose nominees) Options would be issued if Resolutions 3, 4, 5 and 6 are passed are:

Director (or nominee)	Remuneration Package Details (excluding the proposed Options)
Dr Gregory Collier	A\$100,000 per annum
Mr David Segal	A\$55,000 per annum
Dr Ross Murdoch	A\$55,000 per annum
Mr Matthew McNamara	A\$55,000 per annum

Management has prepared an assessment of the indicative fair value of the Options as summarised below. The value is indicative only, based on assumptions relevant at the date of the calculation, being 31 December 2020. Different assumptions may be relevant at issue date which may alter the value of the Options for financial reporting purposes. The total remuneration packages in the above table would be increased for each of the above Directors by the total per Director set out in the following table, based on the assumptions. The actual valuation amount will not be able to be calculated until the Options are issued, when the exercise price will be known (at which time other assumptions may also have changed).

Assessment:

Indicative fair value per Option	\$0.02715
Number of Options per Director (except for Dr Gregory Collier)	3,993,644
Number of Options for Dr Gregory Collier	5,990,465
Total \$ per Director (except for Dr Gregory Collier)	\$108,427
Total \$ for Dr Gregory Collier	\$162,641
Total Options	17,971,397
Total \$	\$271,068

The indicative fair value was calculated using the Binomial valuation model. The assumptions used in the valuation model were as follows:

Assumptions:

Valuation Date	31 December 2020
Spot price	\$0.0290
Exercise Price	\$0.0169*
Expiry Date	42 months from date of issue
Risk Free Rate	0.10%
Volatility	188%

*Based on 45% premium of a 30-day VWAP immediately prior to 2 November 2020, with the last trading day being 30 October 2020.

As at the date of this Notice, the Directors who are proposed to receive the Options have the following direct and indirect interests in shares and/or options of the Company:

Director/Shareholder (and/or associates)	Existing Shares	Existing unlisted options	Number of securities issued under the current Equity Incentive Scheme
Dr Gregory Collier	2,000,000 (0.13%)	2,250,000 at an exercise price of \$0.023 each	Nil
Mr David Segal	18,491,281 (1.16%)	1,500,000 at an exercise price of \$0.023 each	Nil
Dr Ross Murdoch	1,666,667 (0.10%)	Nil	Nil
Mr Matthew McNamara	Nil (0%)	Nil	Nil

Following issue of the Options, each of the Directors in the above table (or their respective nominees) would hold the following securities in the Company:

Director/Shareholder (and/or associates)	Existing Shares	Options	Holding if options exercised*
Dr Gregory Collier	2,000,000 (0.13%)	6,243,644	8,243,644 (0.52%)
Mr David Segal	18,491,281 (1.16%)	5,493,644	23,984,925 (1.50%)
Dr Ross Murdoch	1,666,667 (0.10%)	3,993,644	5,660,311 (0.35%)
Mr Matthew McNamara	Nil (0%)	3,993,644	3,993,644 (0.25%)

*Based on the assumptions that Directors will exercise all their Options and that the issued capital remain unchanged at 1,598,894,680 Shares.

Corporations Act

The Board has formed the view that the issues of Options to the above Directors (or their respective nominees) do not require Shareholder approval under section 208 of the Corporations Act as the issues constitute “reasonable remuneration” in accordance with section 211 of the Corporations Act.

A “financial benefit” is defined in section 229 of the Corporations Act and includes granting an option to a related party.

Section 228 of the Corporations Act defines a “related party” for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Options aligns the interests of each of the above Directors with the interests of Shareholders. The grant of Options to each of the above Directors is a cost-effective form of remuneration when compared to the payment of cash consideration.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position, and the Company's objective to use available cash to fund its operations in the near future, and in order to compensate the above Directors in line with current market practices, Options provide an appropriate and meaningful remuneration component to the above Directors that is aligned with Shareholder interests.

If Resolutions 3 to 6 are passed and the Options are issued, each of the Directors proposed to receive Options under these Resolutions (including direct and indirect interests) will have a relevant interest in the Company's securities, as set out earlier.

Listing Rule 10.14

The Company is proposing to make issues of the Options as set out above (the “Issues”) under the Plan, which is an employee incentive scheme as defined in the Listing Rules.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1: a director of the company;
- 10.14.2: an associate of a director of the company; or
- 10.14.3: a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX’s opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issues fall within Listing Rules 10.14.1 and/or 10.14.2 above and therefore require the approval of the Company’s shareholders under Listing Rule 10.14. Resolutions 3 to 6 seek the required shareholder approvals to the issues under and for the purposes of Listing Rule 10.14.

If these Resolutions are passed, the Company will be able to proceed with the issue of the Options and the Directors (or their nominees) will receive the numbers of Options set out in the table on page 9, with the increase in their remuneration and potential increase in their shareholdings as described on pages 10 and 11.

If these Resolutions are not passed, the Company will not proceed with the issue of the Options to the applicable Director(s), and the applicable Director(s) (or their nominees) will not receive the Options or potential shareholdings as described on pages 9 and 11.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.15 in respect of the proposed issues of Options to each Director under Resolutions 3, 4, 5 and 6 (respectively):

- (a) the proposed recipients are Dr Gregory Collier, Mr David Segal, Dr Ross Murdoch, and Mr Matthew McNamara, each of whom is a Director of the Company, or their respective nominees (each of which would be an associate of the respective Director);
- (b) 3,993,644 unlisted Options are proposed to be issued to each of Mr David Segal, Dr Ross Murdoch, and Mr Matthew McNamara, and 3,993,644 unlisted Options are proposed to be issued to Dr Gregory Collier, being a total of 17,311,397 unlisted Options.
- (c) the current total remuneration packages of each of the Non-Executive Directors are set out on page 10;
- (d) No securities were previously issued to each of the Directors under the current Equity Incentive Plan.
- (e) each Option will have an exercise price of \$0.0169 (1.69 cents).
- (f) each Option will expire 42 months of the date of issue and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the Options are set out in **Annexure A**;
- (g) the Company is issuing options as a form of equity security as a cost effective, non-cash incentive to non-executive Directors. The Options will be recognised as an expense to the Company based on the fair value of the Options when issued, as outlined above.
- (h) the value the Company attributes to the Options is set out on page 10;
- (i) the Options will be issued on or about 31 May 2021, but no later than one month after the Meeting;

- (j) the Options will be issued as remuneration. As such there is no issue price for, and the Company will not receive cash from issue of the Options. Funds raised upon exercise of the Options will be applied to the working capital requirements of the Company at the time of exercise;
- (k) a summary of the material terms of the Company's Equity Incentive Plan is included in **Annexure B**;
- (l) no loans will be made to the Directors or their nominees in relation to the acquisition of the Options;
- (m) details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after these Resolutions are approved and who are not named in this Notice and Statement will not participate until approval is obtained under that rule.

Board Recommendation

The Board (with the respective directors abstaining in relation to the relevant Resolution regarding their own proposed Options) recommends that shareholders vote in favour of Resolutions 3, 4, 5 and 6. The Chairman will vote undirected proxies in favour of these Resolutions.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 7: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval for the issue of 229,999,999 fully paid ordinary shares to institutional and sophisticated investors on 15 February 2021 (the "Placement"), in accordance with the ASX announcement dated 10 February 2021.

ASX Listing Rules

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The Placement was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A, with 72,110,532 Shares issued from the Listing Rule 7.1 15% facility and 157,889,468 Shares issued from the Listing Rule 7.1A 10% facility.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the Placement was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity, did not fall within any of the exceptions in ASX Listing Rule 7.2 and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the Placement pursuant to ASX Listing Rule 7.4 in order to retain as much flexibility as possible to issue additional equity securities over the 12 month period following the issue of the Placement Shares, without having to obtain shareholder approval for such issues under Listing Rule 7.1.

If the resolution is approved, the prior issue of the Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of this Resolution counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

If this Resolution is not approved, the prior issue of the Shares under the Placement will not be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1. The Company will therefore have the Shares as counting towards the 15% and 10% threshold for the purposes of ASX Listing Rules 7.1 and 7.1A. This will limit the Company's placement capacity under the Listing Rules 7.1 and 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 229,999,999 fully paid ordinary shares in the Company were allotted and issued on 15 February 2021 to professional and sophisticated investors of whom some were existing shareholders of the Company or clients of Peak Asset Management.
- (b) The shares were issued at an issue price of \$0.022 (2.2 cents) per Share and
- (c) Funds raised from the Placement will be used to advance the Company's pharmaceutical cannabinoid program.

Board Recommendation

The Board recommends that shareholders vote in favour of this Resolution. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 8: Ratification of Prior Issue of Options

Background

The Company is seeking shareholder approval for the issue of 115,000,000 Listed Options to institutional and sophisticated investors on 15 February 2021 (the "Placement Options"), in accordance with the ASX announcement dated 10 February 2021. The Issued Options were issued, on a 1:2 basis, as attaching options to the Shares issued under the Placement referred to in relation to Resolution 7 above.

ASX Listing Rules

ASX Listing Rules 7.1 allows the Company to issue new securities up to 15% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of the Placement Options was within the Company's available placement capacity under ASX Listing Rule 7.1.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 at the time and shareholders subsequently approve it. As the issue of the Placement Options was within the Company's ASX Listing Rule 7.1 placement capacity, did not fall within any of the exceptions in ASX Listing Rule 7.2 and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue of the Placement Options pursuant to ASX Listing Rule 7.4 in order to retain as much flexibility as possible to issue additional equity securities over the 12 month period following the issue date without having to obtain shareholder approval for such issues under Listing Rule 7.1.

If this Resolution is approved, the prior issue of Placement Options may be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the flexibility, if required, to issue additional equity securities without the Placement Options counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 over the 12-month period following the issue of the Placement Options.

If this Resolution is not approved, the prior issue of the Placement Options will not be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the Placement Options as counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1. This will limit the Company's placement capacity under the Listing Rule 7.1 over the 12-month period following the issue of the Placement Options.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 115,000,000 Options in the Company were allotted and issued on 15 February 2021 to professional and sophisticated investors of whom some were existing shareholders of the Company or clients of Peak Asset Management.
- (b) The Options will be exercisable at \$0.035 (3.5 cents) per Option and expiring on 31 December 2023.
- (c) A summary of the material terms of the Options can be found under Annexure C.
- (d) The Options were issued for nil consideration as they were attaching Options to the Placement of 15 February 2021.

Board Recommendation

The Board recommends that shareholders vote in favour of this Resolution. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 9: Ratification of Prior Issue of Broker Options

Background

The Company is seeking shareholder approval to ratify the issue of 7,500,000 Listed options on 15 February 2021 at an exercise price of \$0.035 (3.5 cents) each (**Broker Options**) and expiring on 31 December 2023 to Peak Asset Management (or their nominees) at as part consideration for their services as Lead Manager for the Placement, as announced on the ASX on 10 February 2021.

ASX Listing Rule 7.1

ASX Listing Rules 7.1 allows the Company to issue new securities up to 15% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of Broker Options was issued within the Company's available placement capacity under ASX Listing Rule 7.1.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rules 7.1 at the time and shareholders subsequently approve it. As the issue of Broker Options was within the Company's ASX Listing Rule 7.1 placement capacity, did not fall within any of the exceptions in ASX Listing Rule 7.2 and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4 in order to retain as much flexibility as possible to issue additional equity securities over the 12 month period following the issue date without having to obtain shareholder approval for such issues under Listing Rule 7.1.

If this Resolution is approved, the prior issue of the Broker Options may be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the flexibility, if required, to issue additional equity securities without the Broker Options counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 over the 12-month period following the issue of the Placement Options.

If this Resolution is not approved, the prior issue of the Broker Options will not be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the Broker Options as counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1. This will limit the

Company's placement capacity under the Listing Rule 7.1 over the 12 month period following the issue of the Placement Options.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 7,500,000 Broker Options in the Company were allotted and issued on 15 February 2021 to Peak Asset Management (10 Bolivianos Pty Ltd).
- (b) The Broker Options will be exercisable at \$0.035 (3.5 cents) each and expiring on 31 December 2023.
- (c) A summary of the material terms of the Broker Options can be found under Annexure C.
- (d) The Broker Options were issued for a Nil price and were issued as part consideration for Lead Manager services provided in relation to the Placement announced on 10 February 2021.
- (e) The purpose of the issue was to provide consideration for capital raising services provided to the Company by Peak Asset Management. No funds were raised from the issue of the Options however any funds raised should the Options be exercised will be applied to the working capital requirements of the Company at the time of exercise.
- (f) The Broker Options were issued under an agreement with Peak Asset Management, the material terms of which are outlined below:
 - Peak would:
 - provide lead management services in relation to the Placement referred to in relation to the Placements of securities referred to in relation to Resolutions 7 and 8 above; and
 - underwrite the Placement to the extent of \$4,000,000.
 - Peak was entitled to the following fees:
 - 1% management fee on the entire raise
 - 6% capital raising fee for any funds raised or introduced by Peak Asset Management.
 - 7,500,000 Broker Options upon successful raise of \$5,000,000.

Board Recommendation

The Board recommends that shareholders vote in favour of this Resolution. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 10 - Approval of 10% Placement Facility

Background

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, if required, to issue Equity Securities under the 10% Placement Facility. The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period (as described below) without using the Company's 15% placement capacity under Listing Rule 7.1.

If this Resolution is passed, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below) and the Company will be able to issue Equity Securities from the 10% Placement Facility, as noted below, without any further shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

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

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it 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).

(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 Equity Securities, Fully Paid Ordinary Shares and Unquoted 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 (i.e. the relevant period):

- a) plus the number of fully paid ordinary shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 and 17;
- b) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- c) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- d) plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4,
- e) plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- f) less the number of fully paid ordinary securities cancelled in the relevant period;

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

D is 10%

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

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.

(e) Nature of consideration for issue and Minimum Issue Price

The Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the securities are not issued within 10 trading days of the date in paragraph (i), the date on which the securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting;
- (iii) the time and date of the approval by holders of the eligible Company's ordinary securities of a transaction under Listing Rules 11.1.2 (change to the nature or scale of activities) or 11.2 (change involving main undertaking).

(10% Placement Period).

Specific information required by Listing Rule 7.3A

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

- (a) If this Resolution is approved by Shareholders, the period for which the Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the Annual General Meeting at which the approval is obtained, being 31 May 2021, and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained, being 31 May 2022;
 - (ii) the time and date of the Company's next annual general meeting;
 - (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (c) The purposes for which the funds raised by an issue of Equity Securities under rule 7.1A.2 may be used by the Company include:
- (i) consideration for the acquisition(s) of the new assets and investments, including the expenses associated with such acquisition(s); and
 - (ii) continued expenditure on the Company's current business and/or general working capital.
- (d) If this Resolution 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. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (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 Annual General 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,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 13 April 2021 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- 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
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.011 50% decrease in Current Share Price	\$0.021 Current Share Price	\$0.042 100% increase in Current Share Price
Current Variable A 1,828,894,679 Shares	10% Voting Dilution	182,889,468 Shares	182,889,468 Shares	182,889,468 Shares
	Funds raised	\$1,920,339	\$3,840,679	\$7,681,358
50% increase in current Variable A 2,743,342,019 Shares	10% Voting Dilution	274,334,202 Shares	274,334,202 Shares	274,334,202 Shares
	Funds raised	\$2,880,509	\$5,761,018	\$11,522,036
100% increase in current Variable A 3,657,789,358 Shares	10% Voting Dilution	365,778,936 Shares	365,778,936 Shares	365,778,936 Shares
	Funds raised	\$3,840,679	\$7,681,358	\$15,362,715

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options are exercised into Shares before the date of the issue of the Equity Securities;

- 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%.
- 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 Annual General Meeting.
- 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.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options or Performance Rights, it is assumed that those Options or Performance Rights are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Share Price is **\$0.021** (2.1 cent), being the closing price of the Shares on ASX on **13 April 2021**.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to relevant 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 issues or other issues 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).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company has not issued or agreed to issue any equity securities under Rule 7.1A.2 in the 12 months preceding the date of the Meeting.

Board Recommendation

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

Voting Exclusions

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” or “A\$” means Australian Dollars.

“10% Placement Facility” has the meaning as defined in the Explanatory Statement for Resolution 10.

“10% Placement Period Facility” has the meaning as defined in the Explanatory Statement for Resolution 10.

“Annual Report” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 31 December 2020.

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

“ASX” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

“Auditor’s Report” means the auditor’s report on the Financial Report.

“AEST” means Australian Eastern Standard Time.

“Board” means the Directors acting as the board of Directors of the Company.

“Chairman” means the person appointed to chair the Meeting of the Company convened by the Notice.

“Closely Related Party” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“Company” means Avecho Biotechnology Limited ACN 056 482 403.

“Constitution” means the constitution of the Company as at the date of the Meeting.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Director” means a Director of the Company.

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

“Entity” means Avecho Biotechnology Limited ACN 056 482 403.

“Equity Security” has the same meaning as in the Listing Rules.

“Explanatory Statement” means the explanatory statement which forms part of the Notice.

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

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

“Listing Rules” means the Listing Rules of the ASX.

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

“Notice” means this Notice of Meeting including the Explanatory Statement.

“Proxy Form” means the proxy form attached to this Notice.

“Remuneration Report” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 31 December 2020 and which is set out in the Annual Report.

“Resolution” means a resolution referred to in this Notice.

“Section” means a section of the Explanatory Statement, unless otherwise specified.

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

“Shareholder” means shareholder of the Company.

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

“VWAP” means volume weighted average price.

Annexure A

Summary of Material terms of Options proposed under Resolutions 3, 4, 5 and 6

(a) Vesting Date

Options will vest in four tranches:

- (i) Tranche 1: 25% of the Options to vest on or about the 31 May 2021 ("**Date of Issue**"), but no later than one month after the date of the meeting.
- (ii) Tranche 2: 25% of the Options to vest 12 months from Date of Issue
- (iii) Tranche 3: 25% of the Options to vest 23 months from Date of Issue
- (iv) Tranche 4: 25% of the Options to vest 36 months from Date of Issue

The Options will vest subject to service conditions being met on the vesting date unless a change in employment terms has been agreed in writing with the Company regarding the treatment of unvested Options where they cease to be Directors prior to the vesting date.

(b) Entitlement

Each Option entitles the holder to acquire one (1) ordinary fully paid share in the Company.

(c) Exercise Price

The amount payable upon exercise of each Option will be \$0.0169 (1.69 cents) (Exercise Price).

(d) Expiry Date

Each Option will expire 42 months from the Date of Issue. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) Exercise Period

The Options are exercisable during the period commencing on the day following the relevant Vesting Date and ending on the Expiry Date.

(f) Notice of Exercise

The Options may be exercised during the Exercise Period by duly completing and executing a notice of exercise in the form approved by the Board from time to time and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Where the Exercise Price for the aggregate number of Options being exercised as specified on a Notice of Exercise is a fraction of a cent the payment must be rounded up the nearest whole cent.

(g) Exercise Date

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

(h) Shares issued on exercise

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

(i) Non-quotation of Options

The Options will not be quoted on the ASX.

(j) Quotation of Shares issued on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) Reconstruction of capital

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

(l) Participation in new issues

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

(m) Change in exercise price

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

(n) Transferability

Except where Options or Rights have been transferred under the Equity Incentive Plan Rules, Options held by a Participant are personal to the Participant and may not be exercised by another person.

Annexure B
Summary of Company's Equity Incentive Plan ("Plan")

- The Plan sets out the framework for the offer of Shares, Options or Performance Rights by the Company, and is typical for a document of this nature;
- In making its decision to issue Shares, Options or Performance Rights, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has broad flexibility to issue Shares, Options or Performance Rights having regard to a range of potential vesting criteria and conditions;
- In certain circumstances, unvested Options or Performance Rights will immediately lapse and any unvested Shares held by the participant will be forfeited if the relevant person is a "bad leaver" as distinct from a "good leaver";
- If a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or its subsidiaries, the Board may determine that any unvested Performance Rights or Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- In certain circumstances, Shares, Performance Rights or Options can vest early, including following a change of control or other events of a similar nature. For the purposes of this rule, a relevant control event occurs in a number of scenarios in which a third party may acquire 50% or more of the Company's Shares;
- The total number of Shares that would be issued were each Option, Performance Right and Share under the Plan exercised or vested (as applicable), plus the number of Shares issued in the previous three years under the Plan, must not, at any time, exceed the greater of the last specific number approved by shareholders under the ASX Listing Rules or 5% of the total number of Company Shares then on issue. Shares issued under the Plan will rank equally in all respects with other Shares and the Company must apply for the quotation of such Shares;
- The Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares;
- In respect of vested Options or Performance Rights, if the Board becomes aware of an event which would have resulted in vesting criteria not being satisfied, such as a material misstatement in the Company's financial statements during the vesting period, any affected vested Options or Rights may be cancelled for no consideration;
- In the event of any reorganisation of the issued capital of the Company on, or prior to, the expiry of the Performance Rights or Options, the rights of the relevant security holder can be changed in the discretion of the Board, including to comply with the applicable ASX Listing Rules in force at the time of the reorganisation; and
- The Board is granted a certain level of discretion under the Plan, including the power to amend the rules under which the Plan is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

Annexure C

Summary of Material terms of Options proposed under Resolutions 8 and 9

Entitlement	Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
Exercise Price	Subject to any reconstruction of capital, the amount payable upon exercise of each Option will be \$0.035 (3.5 cents).
Expiry Date	Each Option will expire at 5:00 pm (Melbourne time) on 31 December 2023. An Option not exercised before the Option Expiry Date will automatically lapse on the Option Expiry Date.
Exercise Period	The Options are exercisable at any time on or prior to the Option Expiry Date.
Notice of Exercise	The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised during the Exercise Period by providing to the Company the Notice of Exercise accompanied by payment in full of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
Exercise Date	A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds.
Timing of issue of Shares on exercise	Within 15 Business Days after the Exercise Date, the Company will: (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and (c) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options. If a notice delivered under clause (b) is not effective for any reason to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, within 20 Business Days after becoming aware that the notice is ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
Shares issued on exercise	Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
Quotation of shares issued on exercise	If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
Change in exercise price	An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
Transferability	The Options are transferable subject to the terms of the Corporations Act and the ASX Listing Rules and to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



AVE

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

Need assistance?

**Phone:**

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

**Online:**

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1.00pm (AEST) on Saturday, 29 May 2021.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 999999****SRN/HIN: I9999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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

I ND

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 Avecho Biotechnology Limited hereby appoint

☐

the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Avecho Biotechnology Limited to be held at Grant Thornton Australia Limited, Level 22 Tower 5, Collins Square, 727 Collins Street, Melbourne VIC 3008 on Monday, 31 May 2021 at 1.00pm (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 Resolutions 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4, 5 and 6 by marking the appropriate box in step 2.

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			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐	Resolution 6	Approval to Grant Options to Mr Matthew McNamara (or his nominee)	☐	☐	☐
Resolution 2	Re-Election of Mr David Segal as a Director of the Company	☐	☐	☐	Resolution 7	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 3	Approval to Grant Options to Dr Gregory Collier (or his nominee)	☐	☐	☐	Resolution 8	Ratification of Prior Issue of Options	☐	☐	☐
Resolution 4	Approval to Grant Options to Mr David Segal (or his nominee)	☐	☐	☐	Resolution 9	Ratification of Prior Issue of Broker Options	☐	☐	☐
Resolution 5	Approval to Grant Options to Dr Ross Murdoch (or his nominee)	☐	☐	☐	Resolution 10	Approval of 10% Placement Facility	☐	☐	☐

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

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

AVE

2 7 5 8 6 1 A



Computershare

