

Notice of Annual General Meeting 28 October 2014 and Explanatory Statement

By order of the Board

24 September 2014

Sandra McIntosh

Company Secretary

NOTICE is hereby given that the Annual General Meeting of Members of Regeneus Ltd (**the Company**) will be held at the offices of Regeneus, First Floor, 25 Bridge Street, Pymble NSW on Tuesday, 28 October 2014 at 2.00pm (Sydney time).

ORDINARY BUSINESS

Financial Report

To receive the financial statements of the Company for the year ended 30 June 2014 together with the Directors' Report and the Auditor's Report.

RESOLUTIONS

RESOLUTION 1: Adoption of the Remuneration Report

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

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

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution:

- by key management personnel or their closely related parties; or
- as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2: Re-election of a Director, Barry Sechos

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

"That Barry Sechos, who retires as a director of the Company by rotation in accordance with clauses 3.6(c) and 3.7 of the Company's Constitution, and being eligible for re-election, is re-elected as a director of the Company".

RESOLUTION 3: Ratification of Issue of shares and options

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

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and issue of 10,769,230 Shares and 3,589,743 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- any person who participated in the issue; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4: Approval of Issue of shares and options to John Martin

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

"That, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for the issue of 384,616 and 128,205 Options to John Martin (or his nominee), a Director of the Company, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- John Martin (or his nominee); and
- any associate of John Martin (or his nominee).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: Approval of Issue of shares and options to Dr Graham Vesey

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

"That, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for the issue of 384,616 Shares and 128,205 Options to Dr Graham Vesey (or his nominee), a Director of the Company, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- Graham Vesey (or his nominee); and

- any associate of Dr Graham Vesey (or his nominee).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: Approval of additional placement capacity under Listing Rule 7.1A

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

"That for the purpose of ASX 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 issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement".

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution:

- by a person who may participate in the 10% placement facility; and
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, and any such associates of such a person.

At this point in time, there is no potential allottee to who securities may be issued under this resolution.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Determination of Entitlement to Attend and Vote

The Company has determined that the holders of the Company's ordinary shares for the purpose of the Annual General Meeting will be the registered holders of ordinary shares at **7.00pm (Sydney time) on Sunday, 26 October 2014**.

Attendance at the Annual General Meeting

In person: You may attend the Annual General Meeting in person at the date, time and place specified in the Notice of Meeting. Prior registration is not required.

By proxy: A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. A member of the Company 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, but where the proportion or number is not specified, each proxy may exercise half the votes.

If you would like to appoint a proxy to attend the meeting on your behalf, this can be done by completing and signing the attached proxy form and sending it by post to Link Market Services Limited at GPO Box 3560 Sydney NSW 2001 or by facsimile to Link on +61 2 9287 0309 by no later than **2.00pm Sydney time on Sunday, 26 October 2014** being not less than 48 hours before the time for holding the meeting.

Alternatively proxy forms may also be lodged online at Link Market Services' website www.linkmarketservices.com.au in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The proposed Chair of the meeting intends to vote undirected proxies in favour of each of the seven resolutions.

By power of attorney: If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by Link Market Services Limited by post to GPO Box 3560 Sydney NSW 2001, or by facsimile to Link on +61 2 9287 0309 by no later than **2.00pm Sydney time on Sunday, 26 October 2014**, being not less than 48 hours before the time for holding the meeting.

By corporate representative: A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting pursuant to section 250D of the Corporations Act 2001 (Cth). Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

Questions from Members

Members who are unable to attend the Annual General Meeting and would like to ask questions of the Board concerning matters to be considered at the Annual General Meeting, are invited to do so by completing the form included with this Notice.

Your questions are important to us and although we may not be able to reply to each question individually, we will respond to as many of the frequently asked questions as possible at the Annual General Meeting, or answered after the meeting.

Enquiries

For further information relating to the 2014 Annual General Meeting, please contact the Company Secretary at sandra.mcintosh@regeneus.com.au or call + 61 2 9499 8010.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of Annual General Meeting dated 24 September 2014. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of Meeting.

1. Financial Report

As required by section 317 of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report, Directors' Declarations and the Independent Audit Report of the Company for the financial year ended 30 June 2014 will be laid before the Annual General Meeting.

Shareholders will be provided with the opportunity to raise questions in relation to the reports, however there will be no formal resolution put to the meeting. The Company's Auditor will be present at the meeting and shareholders will also be given the opportunity to ask the Auditor questions on the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company for the preparation of the financial statements and the independence of the Auditor.

2. RESOLUTION 1: Adoption of the Remuneration Report

The Corporations Act 2001 (Cth) requires that listed companies include a Remuneration Report in their Directors' Report. The Remuneration Report is set out on pages 12 to 15 of the Company's Annual Report. The Remuneration Report includes information in respect of the Company's remuneration policies in respect of Directors and executives, including the relationship between remuneration policies and the Company's performance, prescribed details of Directors and executives, details of securities included in the remuneration of Directors and executives and details of persons employed under a contract.

The resolution to adopt the Remuneration Report has been put to the shareholders in accordance with section 250R(2) of the Corporations Act 2001 (Cth). Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company. However, if more than 25% of the votes are cast against two consecutive annual section 250R(2) resolutions, the Corporations Act 2001 (Cth) requires a shareholder vote on whether to convene a special meeting at which all directors (other than a managing director) who were in office when the second section 250R(2) resolution was passed must stand for re-election.

The Chair will allow a reasonable opportunity at the meeting for shareholders as a whole to ask questions about or make comments on the Remuneration Report.

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

Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 1:

"key management personnel" (KMP) means those 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.

"closely related party" means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 1.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 1.

3. RESOLUTION 2: Re-election of a Director, Barry Sechos

Barry Sechos has been a Non-Executive Director of the Company since 1 July 2012. In accordance with the retirement by rotation requirements of the Company's Constitution and the ASX Listing Rules, Barry Sechos retires and offers himself for re-election as a Director of the Company.

His experience, qualifications, and special responsibilities are set out on page 8 of the Company's Annual Report.

4. RESOLUTION 3: Ratification of issue of shares and options

4.1 Background

The Company undertook a private placement of 10,769,230 shares at an issue price of \$0.26 (Shares) to professional and sophisticated investors, raising \$2.8 million (before issue costs). The placement included the issue of one bonus option for every three new Shares subscribed for (Bonus Options), resulting in the issue of 3,589,743 Bonus Options.

The Bonus Options are exercisable at \$0.40 on or before 15 August 2015.

4.2 Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue does not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

4.3 Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification:

- (a) 10,769,230 Shares were allotted;
- (b) 3,589,743 Bonus Options were allotted;
- (c) the issue price was:
 - (i) \$0.26 per Share; and
 - (ii) nil per Bonus Option;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;

- (e) the Bonus Options issued have the terms and conditions set out in Annexure A;
- (f) the Shares and Bonus Options were issued to professional and sophisticated investor clients of Peloton Capital Pty Ltd; and
- (g) the Company intends to use the funds raised from the issue of the Shares and exercise of the Bonus Options to accelerate the Company's product developments.

5. RESOLUTIONS 4 AND 5: Director participation in placement

5.1 Background

It is proposed that each of John Martin and Dr Graham Vesey (or their nominee(s)) participate in the placement contemplated by Resolution 3 above by subscribing for Shares and Bonus Options.

5.2 Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party of the entity. John Martin and Dr Graham Vesey are considered to be related parties of the Company as they are Directors of the Company. Accordingly, Resolutions 4 and 5 seek shareholder approval pursuant to Listing Rule 10.11 to enable John Martin and Dr Graham Vesey to participate on the placement of Shares and Bonus Options.

If shareholder approval is given under Listing Rule 10.11 pursuant to these Resolutions, approval will not be required under Listing Rule 7.1.

5.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of the company, the company must:

- (a) obtain the approval of the company's shareholders in the manner set out in Chapter 2E of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within one of the exemptions set out in Chapter 2E of the Corporations Act.

For the purposes of Chapter 2E, the proposed participation of John Martin and Dr Graham Vesey in the placement of Shares and Bonus Options will constitute "giving a financial benefit".

The Directors consider that participation in the placement of Shares and Bonus Options will be on arms' length terms as the offer to the Directors will be made on the same terms as were made to professional and sophisticated investors under the placement. Accordingly the proposed participation by John Martin and Dr Graham Vesey falls within the "arms' length terms" exemption provided by Section 210 of the Corporations Act to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act.

5.4 Information required under Listing Rule 10.13

The Company provides the following additional information in accordance with Listing Rule 10.13:

- (a) the related parties proposing to participate in the placement of Shares and Bonus Options are John Martin and Dr Graham Vesey (or their respective nominees) and they are related parties by virtue of being Directors;
- (c) the maximum number of Shares and Bonus Options John Martin and Dr Graham Vesey will subscribe for under the placement is as follows:

Director	Number of Shares	Number of Bonus Options
John Martin	384,616	128,205
Dr Graham Vesey	384,616	128,205
Total	769,232	256,410

- (d) the issue price will be:
- (i) \$0.26 per Share; and
 - (ii) nil per Bonus Option;
- (e) the Shares and Bonus Options will be issued no later than 1 month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the day after the Annual General Meeting;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares; and
- (g) the Bonus Options issued have the terms and conditions set out in Annexure A;
- (h) the Company intends to use the funds raised from the issue of Shares and exercise of the Bonus Options to accelerate the Company's product developments.

6. RESOLUTION 6: Approval of additional placement capacity under Listing Rule 7.1A

6.1 General

Listing Rule 7.1A enables eligible entities to issue "Equity Securities" (as defined in the Listing Rules) of 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 now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph 6.2(c) below).

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

6.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has on issue the following classes of Equity Securities:

- (i) listed fully paid ordinary shares;
- (ii) unlisted options exercisable at:
 - A. \$0.006 each prior to 30 May 2020;
 - B. \$0.136 each prior to 28 June 2020;
 - C. \$0.136 each prior to 20 July 2020;
 - D. \$0.136 each prior to 29 December 2020;
 - E. \$0.136 each prior to 18 February 2021;
 - F. \$0.14 each prior to 8 March 2021;
 - G. \$0.28 each prior to 22 May 2021;
 - H. \$0.28 each prior to 22 July 2021;
 - I. \$0.28 each prior to 28 June 2021;
 - J. \$0.28 each prior to 28 November 2021;
 - K. \$0.25 each prior to 15 September 2018;
 - L. \$0.25 each prior to 3 December 2018; and
 - M. \$0.40 each prior to 15 August 2015.

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

Note that A is 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 Rules 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 this Notice, the Company has on issue 208,115,911 Shares and therefore has a capacity to issue:

- (i) 31,217,385 Equity Securities under Listing Rule 7.1 (subject to any prior issues of Equity Securities that were not issued under either an exception in Listing Rule 7.2 or with the approval of shareholders and that therefore may count towards the placement capacity under Listing Rule 7.1); and
- (ii) 20,811,591 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 paragraph 6.2(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 price (**VWAP**) of Equity Securities in the same class calculated over the 15 'Trading Days' (as defined in the Listing Rules) 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 (5) Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

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

(10% Placement Period).

6.4 Specific Information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 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 table below (in the case of listed options, only if the listed options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the 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 table below 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 this Notice.

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 shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares 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 shares has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.1325 50% decrease in Issue Price	\$0.265 Issue Price	\$0.53 100% Increase in Issue Price
Current Variable "A" 208,115,911 shares	10% Voting Dilution	20,811,591 shares	20,811,591 shares	20,811,591 shares
	Funds raised	\$2,757,536	\$5,515,072	11,030,143
50% Increase in current Variable "A" 312,173,866 shares	10% Voting Dilution	31,217,386 shares	31,217,386 shares	31,217,386 shares
	Funds raised	\$4,136,304	\$8,272,607	\$16,545,215
100% increase in current Variable "A" 416,231,822 shares	10% Voting Dilution	41,623,182 shares	41,623,182 shares	41,623,182 shares
	Funds raised	\$5,515,072	\$11,030,143	\$22,060,286

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No listed options (including any listed options issued under the 10% Placement Facility) are exercised into shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into shares for the purpose of calculating the voting dilution effect on existing shareholders.
 - (vii) The issue price is \$0.265, being the closing price of the shares on ASX on Monday, 22 September 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main

undertaking).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised to accelerate its product developments and/or general working capital (including head office operations).

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

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

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

- (f) The Company has not previously obtained shareholder approval under Listing Rule 7.1A.

6.5 Reasons for Seeking Approval

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

6.6 Board Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 6.

Annexure A

REGENEUS LTD
ACN 127 035 358
(Regeneus)

TERMS AND CONDITIONS OF OPTIONS

1. Each Option entitles the holder to subscribe for one ordinary fully paid Share.
2. The Options are exercisable at any time prior to 5.00pm (Sydney Time) on the date 12 months after the date of issue (**the Expiry Date**) by completing the Option Exercise Form and delivering it together with the payment for the number of shares in respect of which the Options are exercised to the registered office of the Company. Any Option that has not been exercised prior to the Expiry Date automatically lapses.
3. The exercise price of the Options is \$0.40 per Option payable in full on exercise.
4. The Options will not be listed on ASX.
5. Options may be exercised in whole or in part upon payment of the exercise price per Option, provided that if Options are exercised in part they must be exercised in multiples of 10,000 on each occasion unless the Option holder has less than 10,000 Options, in which case the holder must exercise all their Options together.
6. Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Options may not be transferred without the consent of the Company.
7. All ordinary fully paid Shares issued upon exercise of Options will rank pari passu in all respects with, and will have the same terms as, the Company's then issued ordinary fully paid Shares. The Company must apply for Official Quotation by ASX of all Shares issued upon exercise of Options, subject to any restriction obligations imposed by ASX.
8. The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
9. 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. The Company will ensure that Option holders will be allowed at least the number of days' notice required by the Listing Rules of ASX to allow for the conversion of Options prior to the record date in relation to any offer of securities made to shareholders.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

REGENEUS LTD
ACN 127 035 358

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:
Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Regeneus Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at 2:00pm on Tuesday, 28 October 2014 at the offices of Regeneus, First Floor, 25 Bridge Street, Pymble (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

ORDINARY RESOLUTIONS

For Against Abstain*

Resolution 1

Adoption of the Remuneration Report

☐ ☐ ☐

Resolution 2

Re-election of a Director, Barry Sechos

☐ ☐ ☐

Resolution 3

Ratification of issue of shares and options

☐ ☐ ☐

Resolution 4

Approval of issue of shares and options to John Martin

☐ ☐ ☐

Resolution 5

Approval of issue of shares and options to Dr Graham Vesey

☐ ☐ ☐

SPECIAL RESOLUTION

For Against Abstain*

Resolution 6

Approval of additional placement capacity under Listing Rule 7.1A

☐ ☐ ☐


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

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

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HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 2:00pm on Sunday, 26 October 2014, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.