



Notice of Annual General Meeting

Factor Therapeutics Limited ACN 101 955 088

Notice of Annual General Meeting

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Notice is given that the Annual General Meeting of Factor Therapeutics Limited ACN 101 955 088 (**Company**) will be held at:

Location	McCullough Robertson, Level 11, 66 Eagle Street, Brisbane QLD 4000
Date	Thursday, 16 November 2017
Time	9:30am (Brisbane time)

Ordinary Business

Financial Statements and Reports

To consider and receive the financial report, the Directors' report and the auditor's report for the year ended 30 June 2017.

Directors' Remuneration Report

To consider and, if in favour, pass the following resolution in accordance with section 250R(2) Corporations Act:

- 1 'That the Remuneration Report be adopted.'

Note: This resolution shall be determined under section 250R(2) Corporations Act. Votes must not be cast on this resolution by Key Management Personnel and closely related parties in contravention of section 250R or 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Election of Mr John Michailidis

To consider and, if in favour, pass the following resolution as an ordinary resolution:

- 2 'That Mr John Michailidis, who retires having previously been appointed to fill a casual vacancy in accordance with Listing Rule 14.4 and rule 19.2(b) of the Company's constitution, and having consented to act and being eligible, be elected as a Director of the Company.'

Note: Information about the candidate appears in the Explanatory Memorandum.

The Directors (with Mr Michailidis abstaining) unanimously recommend that you vote in favour of this resolution.

Special Business

Issue of options to Director – Mr John Michailidis

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

- 3 'That, pursuant to section 208(1)(a) Corporations Act and Listing Rule 10.14, the members of the Company approve the granting of 1,000,000 options to Mr John Michailidis, Non-Executive Director, on the terms outlined in the Explanatory Memorandum.'

Note: if approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 or Listing Rule 10.11, as set out in the Explanatory Memorandum.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Approval of additional 10% capacity to issue shares under Listing Rule 7.1A

To consider and, if in favour, to pass the following as a special resolution:

- 4 'For the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 over a 12 month period from the date of the Annual General Meeting, at a price no less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum.'

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

Dated: 13 October 2017

By order of the Board



Melanie Farris

Company Secretary

Voting Exclusion Statement

Corporations Act

Resolution 1 - The Company will disregard votes cast by 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, in contravention of section 250R or 250BD Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

Resolution 3 - The Company will disregard votes cast as proxy by Key Management Personnel or their closely related parties in contravention of section 250BD Corporations Act. The Company will also disregard votes cast by a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party in contravention of section 224 Corporations Act.

Listing Rules

In accordance with the Listing Rule 14.11, the Company will disregard votes cast by:

<p>Resolution 3 - Issue of options to Director – Mr John Michailidis</p>	<p>No votes may be cast by any director, each of who are eligible to participate in the Equity Option Plan, or any of their associates and any votes cast by such person will be disregarded.</p>
<p>Resolution 4 - Approval of additional capacity to issue shares under Listing Rule 7.1A</p>	<p>A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or an associate of such person.</p> <p>NB. In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.</p>

However, for the purposes of Listing Rule 14.11, the Company will not disregard a vote if:

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

For the purposes of section 224 Corporations Act, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a related party or associate of a kind referred to in paragraph (a) above.

Notes

- (a) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meaning given to them in the Explanatory Memorandum.
- (b) Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (c) The proxy need not be a Shareholder of the Company. A Shareholder who is 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.
- (d) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form to the Company's share registry Link Market Services Limited:

ONLINE www.linkmarketservices.com.au

BY MAIL Factor Therapeutics Limited

C/- Link Market Services Limited

Locked Bag A14, Sydney South NSW 1235 Australia

BY FAX +61 2 9287 0309

BY HAND Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

- (e) To be effective, the proxy must be received at the share registry of the Company no later than 9:30am (Brisbane time) on Tuesday, 14 November 2017 (48 hours before the commencement of the meeting).
- (f) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (g) The Company has determined under regulation 7.11.37 Corporations Regulations that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7:00pm (Sydney time) on Tuesday, 14 November 2017.
- (h) If you have any queries, including how to cast your votes, please contact 1300 554 474 (within Australia) and +61 1300 554 474 (outside Australia) during business hours.

Explanatory Memorandum

Factor Therapeutics Limited ACN 101 955 088 (**Company**)

This Explanatory Memorandum accompanies the notice of Annual General Meeting of the Company to be held at the offices of McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland 4000 on Thursday, 16 November 2017 at 9:30am (Brisbane time).

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Financial Statements and Reports

- 1 The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting.
- 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- 3 Shareholders will be given a reasonable opportunity at the meeting to raise questions and make comments on these reports.
- 4 In addition to asking questions at the meeting, Shareholders may address written questions to the chairman about the management of the Company or to the Company's auditor, PKF Hacketts Audit, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.

Note: Under section 250PA(1) Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

- 5 Written questions for the auditor must be delivered by 5:00pm on Thursday, 9 November 2017. Please send any written questions for PKF Hacketts Audit to:

The Company Secretary
Suite G.7, 1 Westlink Court
Darra, Queensland 4076

or via email to: m.farris@factor-therapeutics.com

Resolution 1: Remuneration Report

- 6 The Remuneration Report is contained in the Financial Report for the year ended 30 June 2017. A copy is available on the Company's website.
- 7 The Corporations Act requires that the Remuneration Report be put to a vote of Shareholders.
- 8 The resolution of Shareholders is advisory only and not binding on the Company. The Board will take the discussion at the meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.
- 9 The Remuneration Report:
- (a) reports and explains the remuneration arrangements in place for non-executive Directors, executive Directors and senior management; and
 - (b) explains Board policies in relation to the nature and value of remuneration paid to non-executive Directors, executives and senior managers within the Company.
- 10 The Chair will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.

Directors' Recommendation

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

Resolution 2: Election of Mr John Michailidis

- 12 Rule 19.2(b) of the Constitution provides that a Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors will hold office until the end of the next annual general meeting of the Company, at which the director may be elected.
- 13 Mr John Michailidis retires from office under Listing Rule 14.5 and rule 19.2(b) of the Constitution and stands for election.
- 14 Mr Michailidis was previously the Managing Director for TEVA Australia/NZ and brings almost 30 years of commercial pharmaceutical experience to the Company. His career has ranged from global franchise and regional executive leadership roles with F. Hoffman – La Roche (Roche) to CEO experience with growth-stage biopharmaceutical companies, such as AviPep and Orphan Australia (acquired by Sigma). Mr Michailidis holds a BSc in Genetics from LaTrobe University, and executive business qualifications from Harvard Business School and INSEAD.

Directors' Recommendation

- 15 The Directors (with Mr Michailidis abstaining), unanimously recommend the election of Mr Michailidis to the Board.

Special Business

Resolution 3: Issue of options to Director – Mr John Michailidis

- 16 Subject to the approval of Shareholders, the Company proposes to issue 1,000,000 options to Mr John Michailidis, Non-Executive Director.
- 17 Once approval is obtained pursuant to Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.
- 18 The options shall be issued under and subject to the terms of the Equity Option Plan (EOP).
- 19 Shareholder approval is sought for the grant of the following options as detailed below:
- (a) each option is to acquire one Share;
 - (b) the options are issued for nil consideration;
 - (c) subject to Mr Michailidis remaining a Director:
 - (i) the exercise price to acquire a share will be \$0.11 (11 cents);
 - (ii) options issued will vest as follows:
 - 500,000 options – vest immediately following shareholder approval;
 - 250,000 options – 12 months after the issue date; and
 - 250,000 options – 24 months after the issue date;
 - (iii) the options will expire on the date which is 5 years from the issue date.
 - (iv) the Board may determine how the options are dealt with upon a change in control, including allowing for accelerated vesting
 - (d) the options will not be transferable; and
 - (e) it is intended that the options will be issued within 5 days after the Annual General Meeting, but in any event no later than 12 months after the Annual General Meeting.

General terms of the issue of options

- 20 The other general terms of the options to be issued under Resolution 3 are:
- (a) if there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights attaching to the options will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
 - (b) the options do not entitle Mr Michailidis to participate in any new issues by the Company without exercising the options;

- (c) the options do not confer on Mr Michailidis any rights to a change in the exercise price of the options or a change to the number of underlying securities over which the options can be exercised except:
- (i) in the case of a pro rata issue to the holders of shares (except a bonus issue) in which case the exercise price of each option shall be reduced in accordance with the formula contained in Listing Rule 6.22.2; and
 - (ii) in the case of a bonus issue to the holders of Shares, in which case the number of Shares over which each option is exercisable shall be increased by the number of Shares which Mr Michailidis would have received if the option had been exercised before the record date for the bonus issue;
- (d) all shares issued pursuant to the exercise of options will, subject to the Constitution of the Company, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) equally with the existing Shares at the date of issue and allotment; and
- (e) the options will not be quoted on ASX. The Company intends to apply to ASX for quotation of any Shares acquired on exercise of the options.

General Information

- 21 The Company discloses the following information concerning the value of the options to be issued in relation to Resolution 3. A fair value for the options to be issued has been calculated using a Black Scholes methodology and based on a number of assumptions, set out below. The Board believes this valuation model is appropriate to the circumstances and has not used any other valuation or other models in proposing the terms of the options.
- 22 The stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 15 September 2017.

Underlying price (share price as at 17 September 2017 being end of day closing price)	\$0.060
Exercise (strike) price	\$0.11
Exercise price multiple	183%
Volatility	0.67
Dividend Yield (estimate)	0.00
Expiry Date	60 months from date of issue
Risk free rate	2.1
Option Value	\$0.0204
Total number of options issued	1,000,000
Total employee benefit expense	\$20,388

A significant factor in the determination of the final value of options will be the ultimate share price at the date of final option grant (which will be on or around the date of approval by the shareholders if such approval is obtained). The following table details total employee benefit

expense based on the highest and lowest closing prices of the Shares traded on the ASX over the 12 months ending on 15 September 2017.

	Highest Price	Lowest Price
Closing Price (\$)	\$0.081	\$0.048
Date	11 November 2016	15 September 2016
Total employee benefits expense	\$33,689	\$13,754

As such if it is assumed all other factors are equal, where the share price increases above the \$0.06 disclosed above the final value of options granted will increase, and conversely where the share prices reduces the final value of options granted will also reduce.

Remuneration

- 23 Excluding the value of the options, Mr Michailidis currently receives the below emoluments for his position as non-executive Director. As at the date of this notice, the amount stated is per annum comprising salary, superannuation contributions for the 2017/2018 financial year:
- (a) Mr Michailidis is paid an annual directors fee of \$65,449.25 (inclusive of statutory superannuation)
 - (b) In the Financial Year ended 30 June 2017, Mr Michailidis received \$24,543 in fees. This was for the period of his appointment 14 February 2017 to 30 June 2017
 - (c) Apart from the options that are the subject of the Resolution, at the date of this notice, no other short or long term incentives are payable to Mr Michailidis

Additional Listing Rule 10.15 disclosures

- 24 Details of Directors who have acquired securities under the EOP since it was last approved by Shareholders in 2015 are set out in an annexure to this Explanatory Memorandum.
- 25 All Directors are potentially eligible to participate in the Company's EOP.
- 26 There are no loan arrangements with the Directors in relation to the acquisition of the options.

Financial Benefit – Details and reasons

- 27 Approval has been sought for the giving of a financial benefit to Mr Michailidis, as a related party under section 208 Corporations Act by virtue of Mr Michailidis being a Director. Section 229(3)(e) Corporations Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.
- 28 The amount, terms and value (subject to the stated assumptions) of those options are set out above.
- 29 The reasons for giving this financial benefit are:
- (a) the Company wishes to maximise the use of its cash resources towards other strategic initiatives and equity based incentives such as options are used to supplement cash based remuneration;

- (b) the total quantum of options to be issued to Mr Michailidis is moderate in number and the issue of options will act as an incentive for future growth of the business;
- (c) option terms are designed to incentivise the Directors to maximise the Company's longer term development and growth;
- (d) equity based incentives, such as options, assist in the alignment of Shareholders and directors' interests;
- (e) the remuneration package is designed to attract and retain the directors; and
- (f) the Company believes the associated expense is limited and the nature of the options package proposed is commensurate with market practice.

30 On this basis the Company believes the giving of the benefits, as constituted by the issue of the options to Mr Michailidis is in the best interests of the Company and its Shareholders.

Existing interests and the dilutionary effect on other members' interests

31 The effect that the exercise of the options will have on the interests of Mr Michailidis relative to other members' interests is set out in the following table. The table assumes no further issues of shares in, or reconstruction of the capital of, the Company during the time between issue and exercise of the option.

The total number of shares on issue in the capital of the Company	730,042,783
Shares currently held by Mr Michailidis	Nil
% of shares currently held by Mr Michailidis	Nil
Options to be issued under Resolution 3	1,000,000
Existing options held by Mr Michailidis	Nil
Shares that will be held following the exercise of all options held by Mr Michailidis	1,000,000
% of Shares that would be held by Mr Michailidis assuming no other options were exercised	0.136%

Directors' Recommendation

32 The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

Resolution 4: Approval of additional 10% capacity under Listing Rule 7.1A

- 33 Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. In accordance with Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of \$300 million or less) can issue a further 10% of the Company's share capital over a 12 month period following the Annual General Meeting (provided Shareholder approval is obtained at the Annual General Meeting) on a non-pro rata basis.
- 34 The Company falls within the eligibility criteria required by Listing Rule 7.1A. For illustrative purposes, the Company's market capitalisation was \$44 million based on a closing price of \$0.06 on 15 September 2017.
- 35 The number of shares that may be issued (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the following formula prescribed in Listing Rule 7.1A.2:

(A x D) – E

- A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the 12 months;
 - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% capacity pursuant to Listing Rule 7.1 without Shareholder approval; and
 - less the number of fully paid shares cancelled in the 12 months.
- D** is 10%.
- E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

- 36 Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:

Minimum price at which the equity securities may be issued

The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

<p>Risk of economic and voting dilution</p>	<p>An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ul style="list-style-type: none"> (a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and (b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date. <p>In accordance with Listing Rule 7.3A.2 a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
<p>Date by which the Company may issue the securities</p>	<p>The period commencing on the date of the Annual General Meeting at which approval is obtained and expiring on the first to occur of the following:</p> <ul style="list-style-type: none"> (a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and (b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2. <p>The approval under Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.</p>
<p>Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration</p>	<p>It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the Company's growth strategies. This would principally include:</p> <ul style="list-style-type: none"> (a) clinical trials; (b) pipeline and indication expansion; (c) CMC Phase III readiness; and (d) general working capital costs. <p>The Company reserves the right to issue shares for non-cash consideration, including as non-cash consideration for any acquisition.</p>
<p>Details of the Company's allocation policy for issues under approval</p>	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following:</p> <ul style="list-style-type: none"> (a) 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; (b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company; (c) the financial situation and solvency of the Company; and (d) advice from corporate, financial and broking advisers (if applicable). <p>The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.</p>
<p>Previous approvals under Listing Rule 7.1A</p>	<p>Approval was previously obtained at the 2016 AGM, on 23 November 2016.</p>

Information under Listing Rule 7.3A.6(a):

37 The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	23,079,320 options under LR7.2 Exception 9
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	3.16%

Information under Listing Rule 7.3A.6(b):

38 The table in an annexure to this Explanatory Memorandum sets out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Information under Listing Rule 7.3A.2

39 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 securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

40 The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.03 50% decrease in Issue Price	\$0.06 Issue Price	\$0.12 100% increase in Issue Price
Current Variable A* 730,042,783 Shares	10% Voting Dilution	73,004,278 shares	73,004,278 shares	73,004,278 shares
	Funds raised	\$2,190,128	\$4,380,257	\$8,760,513
50% increase in current Variable A* 1,095,064,174 Shares	10% Voting Dilution	109,506,417 shares	109,506,417 shares	109,506,417 shares
	Funds raised	\$3,285,193	\$6,570,385	\$13,140,770
100% increase in current Variable A* 1,460,085,566 Shares	10% Voting Dilution	146,008,556 shares	146,008,556 shares	146,008,556 shares
	Funds raised	\$4,380,257	\$8,760,513	\$17,521,027

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2 which, in the Company's case, equates to the current issued share capital of the Company.

41 The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval;
- (b) no options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A;
- (c) 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%;
- (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of a share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting;
- (e) 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;
- (f) the issue of Shares under Listing Rule 7.1A consists only of Shares; and
- (g) the issue price is \$0.06 being the closing price of the Shares on ASX on 15 September 2017.

42 As at the date of the Notice of Meeting, the Company has on issue 730,042,783 Shares. Subject to Shareholder approval being obtained for Resolution 4, the Company will have capacity to issue the following equity securities as at the date of the Annual General Meeting:

- (a) 109,506,417 Shares (under Listing Rule 7.1); and

(b) 73,004,278 Shares (under Listing Rule 7.1A).¹

43 Listing Rule 7.1A requires Resolution 4 to be passed as a special resolution. A special resolution needs approval by at least 75% of the votes cast by members entitled to vote on the resolution.

Directors' recommendation

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

¹ The actual number of Shares the Company will have capacity to issue under Listing Rule 7.1A may vary and will be determined at the date of issue in accordance with Listing Rule 7.1A.2 (as illustrated in the table above).

Glossary

Factor Therapeutics Limited ACN 101 955 088

Annual General Meeting	means the Company's annual general meeting the subject of this Notice of Meeting.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means the board of directors of the Company.
Company	means Factor Therapeutics Limited ACN 101 955 088.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Directors	means the directors of the Company.
Equity Option Plan or EOP	means the Company's equity option plan previously approved by Shareholders at the Company's 2015 AGM.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
Financial Report	means the financial report of the Company for the year ended 30 June 2017.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Memorandum.
Remuneration Report	means the section of the Directors' report for the 2017 financial year that is included under section 300A(1) Corporations Act.
Shares	means the existing fully paid ordinary shares in the Company.
Shareholder	means a person who is the registered holder of Shares.

Annexure

Information under Listing Rules 7.3A.6 and 10.15.4

The table below sets out specific details for each issue of options under the EOP since it was last approved on 25 November 2015.

Issue date	Number issued	Class type ¹	Names of persons who received securities	Acquisition price
04.12.15	600,000	Options (A)	Cherrell Hirst and Tim Hughes – approved at the AGM 2015 held on 25 November 2015 under the EOP	Nil
04.12.15	1,000,000	Options (B)	Christian Behrenbruch – approved at the AGM 2015 held on 25 November 2015 under EOP	Nil
01.07.16	3,000,000	Options (C)	Christian Behrenbruch – approved at the EGM held on 29 June 2016 under EOP	Nil
01.07.16	4,000,000	Options (D)	Management team under EOP	Nil
03.08.16	1,400,000	Options (E)	Medical Advisory Board under EOP	Nil
23.08.16	1,500,000	Options (F)	Newly appointed managers under EOP	Nil
23.11.16	1,000,000	Options (G)	Dr Robert Ryan – approved at the AGM 2016 held on 23 November 2016 under the EOP	Nil
23.06.17	18,579,320	Options (H)	Newly appointed CEO, Dr Rosalind Wilson	Nil
21.08.17	3,500,000	Options (I)	Employees and Consultants	Nil

Notes:

¹ Terms of Options:

- **Options (A)** – Options terms and conditions:
 - These options are issued in lieu of directors fees;
 - The exercise price of these Options is \$0.11;
 - Options issued will vest 25% every 3 months over 1 year;
 - These Options will expire in 5 years from the issue date; and
 - In the event that the option holders cease to be directors of Factor Therapeutic, any unvested option will lapse and any vested options will remain exercisable until the expiry date.
- **Options (B)** – Options terms and conditions:
 - These options are issued in lieu of directors fees and executive performance;
 - The exercise price of these Options is \$0.11;
 - Options issued vested immediately following shareholder approval;
 - These Options will expire in 5 years from the issue date; and
 - In the event that the option holder ceases to be director of Factor Therapeutic, the options will remain exercisable until the expiry date.
- **Options (C)** – Options terms:
 - The exercise price of these Options is \$0.11;
 - The expiry date is 5 years from the issue date;
 - 1,000,000 of these Options are issued pursuant to Dr Behrenbruch’s employment contract – no vesting conditions and exercisable immediately; and
 - 2,000,000 options vesting 1/3 each year for 3 years.

- **Options (D)** – Options terms and conditions:
 - The exercise price of these Options is \$0.11;
 - The expiry date is 5 years from the issue date; and
 - Options issued will vest 1/3 each year for 3 years.
- **Options (E)** – Options terms and conditions:
 - The exercise price of these Options is \$0.035;
 - The vesting will occur annually equally in two tranches on 4 July 2017 and 4 July 2018; and
 - The expiry date is 4 July 2020.
- **Options (F)** – Options terms and conditions:
 - The exercise price of these Options is \$0.11;
 - The vesting will occur over a three-year period, being one third each year on the anniversary of the issue date; and
 - The expiry date is 5 years from the issue date.
- **Options (G)** -Options terms and conditions:
 - The exercise price of these Options is \$0.11;
 - The vesting will occur over a two-year period, being 50% on the issue date, 25% on the first anniversary of the issue date; and 25% on the second anniversary of the issue date; and
 - The expiry date is 5 years from the issue date.
- **Options (H)** -Options terms and conditions:
 - The exercise price of these Options is \$0.11;
 - The vesting will occur over a three-year period, being one third each year on the anniversary of the issue date; and
 - The expiry date is 5 years from the issue date.
- **Options (I)** -Options terms and conditions:
 - The exercise price of these Options is \$0.11;
 - The vesting will occur over a three-year period, being one third each year on the anniversary of the issue date; and
 - The expiry date is 5 years from the issue date.

LODGE YOUR VOTE

-  **ONLINE**
<https://investorcentre.linkmarketservices.com.au>
-  **BY MAIL**
 Factor Therapeutics Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia
-  **BY FAX**
 +61 2 9287 0309
-  **BY HAND**
 Link Market Services Limited
 1A Homebush Bay Drive, Rhodes NSW 2138
-  **ALL ENQUIRIES TO**
 Telephone: +61 1300 554 474


X999999999999

PROXY FORM

I/We being a shareholder(s) of Factor Therapeutics Limited and entitled to attend and vote hereby appoint:

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 you are appointing as your proxy

STEP 1

 or 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 act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (Brisbane time) on Thursday, 16 November 2017 at McCullough Robertson, Level 11, 66 Eagle Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 & 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 3, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*
1 Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr John Michailidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of options to Director – Mr John Michailidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of additional 10% capacity to issue shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2
 * 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

STEP 3


HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP

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:

- 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
- 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 **9:30am (Brisbane time) on Tuesday, 14 November 2017**, 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

Factor Therapeutics 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

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**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.**