
MEMPHASYS LIMITED**ACN 120 047 556****NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 2:00pm AEST

DATE: Tuesday, 24 August 2021

PLACE: 30 Richmond Road, Homebush West, NSW 2140

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm AEST on Sunday, 22 August 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – PROPOSED ISSUE OF CONVERTIBLE NOTES AND OPTIONS TO PETERS INVESTMENTS PTY LTD

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,650,000 Convertible Notes, each with a face value of \$1.00, to raise up to \$1,650,000 and 1,650,000 free-attaching Options to Peters Investments Pty Ltd (ACN 008 699 287) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – PROPOSED ISSUE OF CONVERTIBLE NOTES AND OPTIONS TO RELATED PARTY – ANDREW GOODALL

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 for all other purposes, approval is given for the Company to issue up to 1,350,000 Convertible Notes, each with a face value of \$1.00, to raise up to \$1,350,000 and 1,350,000 free-attaching Options to the Company's Director, Andrew Goodall on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF INCENTIVE OPTIONS TO RELATED PARTY – ALISON COUTTS

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,900,000 Options to the Company's Director Alison Coutts (or her nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

Dated: 22 July 2021

By order of the Board

Andrew Metcalfe
Company Secretary

Voting Prohibition Statements

Resolution 3 – Issue of Incentive Options to Related Party	A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if: (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Proposed issue of Convertible Notes and Options to Peters Investments Pty Ltd	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Peters Investments Pty Ltd) or an associate of that person (or those persons).
Resolution 2 – Proposed Issue of Convertible Notes and Options to Related Party – Andrew Goodall	Andrew Goodall (or his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 3 – Issue of Incentive Options to Related Party – Alison Coutts	Any 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 incentive scheme or an associate of that person or those persons.

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

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair 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:
 - (i) 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
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Boardroom Pty Limited will need to verify your identity. You can register from 1:30pm on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Registered Office on +61 2 8415 7300.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO CONVERTIBLE NOTE OFFER – RESOLUTIONS 1 AND 2

1.1 Background to the Convertible Note Offer

On 26 May 2021, the Company announced that it had secured funding from its two largest shareholders, Peters Investments Pty Ltd (ACN 008 699 287) (**Peters Investments**) (\$1.65 million) and Non-Executive Director Andrew Goodall (\$1.35 million) via subscriptions for convertible notes in the Company.

In total, the Company has received a total of \$3 million (before costs) (**Subscription Amount**) via the offer of convertible notes in the capital of the Company, with a face value of \$1.00 each (**Convertible Notes**). Each Convertible Note is to be issued together with one (1) free attaching Option (**Option**) for every one (1) Convertible Note subscribed for (**Offer**).

The Subscription Amount was advanced to the Company as an unsecured loan from the relevant investors to the Company (with no conversion rights). Subject to the satisfaction of the Investment Conditions (including Shareholder approval for the issue of the Convertible Notes, the subject of Resolutions 1 and 2), the corresponding Convertible Notes and free attaching Options will be issued to the investors.

Resolutions 1 and 2 seek shareholder approval for the issue of the Convertible Notes to Peters Investments (Resolution 1) and Mr Andrew Goodall (Resolution 2).

The Company has engaged the services of Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Lead Manager**), to manage the issue of the Offer.

The Company will pay the Lead Manager a fee of:

- (a) 2% (exclusive GST) on the aggregate amount raised under the Offer;
- (b) an additional 2% fee of the Convertible Notes subscribed for by Peters Investments when the Convertible Notes are issued; and
- (c) a further 2% fee on the conversion of the Convertible Notes by Peters Investments (if conversion occurs).

The Offer is not underwritten.

1.2 Effect of the Offer

The principal effect of the Offer (assuming the maximum number of Convertible Notes and Options offered under the Offer) will be to:

- (a) increase the number of Convertible Notes on issue from nil Convertible Notes as at the date of this Notice to 3,000,000 Convertible Notes;
- (b) increase the number of Options on issue from 51,660,332 Options as at the date of this Notice to 54,660,332 Options; and

- (c) increase cash reserves by approximately \$2,874,000 after completion of the issue of Convertible Notes under the Offer and after the payment of the expenses of the Offer. The Company notes that no funds will be raised from the issue of the Options as they are free attaching to the Convertible Notes.

1.3 Purpose of the Offer and use of funds

The Company intends to apply the funds raised from the issue towards:

Costs of the Offer	\$126,000	4%
Corporate overheads	\$618,792	21%
Salaries & Consultants	\$597,787	20%
Research and Development	\$1,657,420	55%
Total	\$3,000,000	

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied.

1.4 Terms and Conditions of the Offer

The Company has entered into two separate Convertible Note Agreements with both Peters Investments and Andrew Goodall (**Convertible Note Agreements**). The material terms and conditions of these agreements are set out in Schedule 1.

The Convertible Notes are to convert into Shares at the lower of:

- (a) \$0.06 (6 cents); and
- (b) a 20% discount to the issue price of Shares, and/or exercise price of any options, offered under any subsequent capital raising completed by the Company to raise over \$1,000,000 completed later than the date of issue of the Convertible Notes and on or before the maturity date of the Convertible Notes.

The Company notes that, whilst technically there is no floor price upon which the notes could convert (given the operation of (b) above), the Company expects the Convertible Notes to convert into Shares at a conversion price of approximately \$0.06 per Convertible Note, given the current publicly traded prices of the Company's Shares.

If the Company does undertake a subsequent capital raising prior to 31 December 2022, and such capital raising triggers a conversion price (given the operation of (b) above) which is significantly lower than \$0.06, this would have a further dilutionary impact on Shareholders', as illustrated in the table below:

Conversion Price (\$)	Shares on issue as at the date of this Notice	Shares issued on conversion of Convertible Notes ¹	Total Shares on issue following conversion of Convertible Notes ¹	Dilutionary effect ^{1,2,3}
0.06	759,773,880	50,000,000	809,773,880	6.17%
0.05	759,773,880	60,000,000	819,773,880	7.32%
0.04	759,773,880	75,000,000	834,773,880	8.98%

0.03	759,773,880	100,000,000	859,773,880	11.63%
0.02	759,773,880	150,000,000	909,773,880	16.49%
0.01	759,773,880	300,000,000	1,059,773,880	28.31%

Notes:

- 1) the above calculations do not contemplate conversion of any accrued interest or capitalised fees as may be payable to the Investors. The Company will ensure that any further conversion of accrued interest or capitalised fees is conducted in accordance with all applicable laws, including (if necessary) seeking necessary shareholder approvals;
- 2) the issue of Shares on the conversion of any accrued interest or capitalised fees will have a further dilutionary effect on Shareholders; and
- 3) the above calculations do not contemplate conversion of existing unquoted 32,404,457 Options that have an exercise price of \$0.0332 and an expiry date of 28 September 2021; or conversion of existing unquoted 989,681 Director Options that have an exercise price of \$0.1142 and an expiry date of 22 October 2021; or conversion of existing unquoted 1,466,194 Director Options that have an exercise price of \$0.1142 and an expiry date of 22 October 2021; or conversion of existing unquoted 16,800,000 Incentive Options that have an exercise price of \$0.1142 and an expiry date of 22 October 2021

The key terms and conditions of the Convertible Notes to be offered under the Convertible Note Agreements are set out in Schedule 2 and the terms and conditions of the Options to be offered under the Convertible Note Agreements are set out in Schedule 3.

The Company will not apply for quotation of either the Convertible Notes or the Options offered under the Offer.

1.5 Effect on capital structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	
Shares currently on issue	759,773,880
Shares offered pursuant to the Offer	Nil
Total Shares on completion of the Offer	759,773,880

Options	
Options currently on issue ¹	51,660,332
Options to be issued free attaching to the Convertible Notes, the subject of Resolutions 1 and 2 ²	3,000,000
Options to be issued to Alison Coutts pursuant to Resolution 3 ³	5,900,000
Total Options on completion of the Offer	60,560,332

Convertible Notes	
Convertible Notes currently on issue	Nil
Convertible Notes to be issued under the Offer, the subject of Resolutions 1 and 2 ⁴	3,000,000
Total Convertible Notes on completion of the Offer	3,000,000

Note:

1. Comprising:
 - a. 32,404,457 unquoted Options exercisable at \$0.0332 each on or before 28 September 2021; and
 - b. 19,255,875 unquoted Options exercisable at \$0.1142 each on or before 22 October 2021;
2. The terms and conditions of the Options are set out in Schedule 3.
3. The terms and conditions of the AC Options are set out in Schedule 4.
4. The terms and conditions of the Convertible Notes are set out in Schedule 2.
5. The Convertible Notes, the subject of Resolutions 1 and 2, are convertible into Shares in accordance with their terms. Refer to Section 1.5 above for further details.

1.6 Sections 606 and 611 of the Corporations Act

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a "relevant interest" in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in Section 606(1), including acquisitions by a person, which as a result of the acquisition, that person would have voting power in the company more than 3 percentage points (3%) higher than they had 6 months before the acquisition (this exemption is known as the "3% creep" exemption and is found in of item 9 of section 611 of the Corporations Act).

The Company notes that,

- (a) both Peters Investments and Mr Andrew Goodall (together, the **Investors**), as the Company's two largest Shareholders, currently hold a voting power in excess of 20%; and
- (b) as the Convertible Notes do not contain voting rights, the issue of the Convertible Notes themselves will have no impact on the voting power of the Investors;

- (c) **assuming a conversion price of \$0.06**, the voting power of each of Peters Investments and Mr Andrew Goodall will increase as per the below table and the issue of Shares to the Investors upon conversion of the Convertible Notes would be exempted from the general prohibition in section 606 of the Corporations Act by virtue of (the “3% creep” exemption).

	Current Shareholding and voting power	Maximum Number of new Shares to be issued on conversion of Convertible Notes	Maximum Increased Shareholding and voting power
Peters Investments	205,000,000 Shares / 26.982%	28,325,000	28.76%
Andrew Goodall	170,806,265 Shares / 22.481%	23,175,000	23.91%

The above table assumes that:

- (a) the Facilitation Fee (as defined in Schedule 2) is fully capitalised and issued in Shares on the same basis as the Convertible Notes (at a conversion price of \$0.06);
- (b) no additional Shares are acquired by or issued to either of Peters Investments or Andrew Goodall (including via the exercise of any Options held); and
- (c) all interest payable on the Convertible Notes is satisfied by the payment of cash.

At the time of any proposed conversion of the Convertible Notes, and/or the conversion of any accrued interest or capitalised fees as may be payable to the Investors the Company will consider the application of section 606 of the Corporations Act and whether any further Shareholder approvals are required prior to the issue of such Shares.

2. RESOLUTION 1 – PROPOSED ISSUE OF CONVERTIBLE NOTES AND OPTIONS – PETERS INVESTMENTS

2.1 General

The Company is proposing to issue Peters Investments (or their nominee) up to 1,650,000 Convertible Notes with a face value of \$1.00 each, together with one (1) free attaching Option for every one (1) Convertible Note subscribed for and issued, to raise up to \$1,650,000.

Broadly speaking, and subject to a number of exceptions which are set out in Listing Rule 7.2, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the securities falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Convertible Notes and Options. In addition, the issue of the Convertible Notes and Options (and any Shares issued on conversion of the Convertible Notes or exercise of the Options) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Convertible Notes and Options. In addition, the Company will have to repay Peters Investments all monies received from Peters Investments by the Company pursuant to the Convertible Note Agreement plus accrued interest, as well as an amount equal to the Black & Scholes valuation of the Options as at the date of this Meeting.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Convertible Notes and Options to Peters Investments (or its nominee).

2.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the Convertible Notes and Options will be issued to the Company's largest Shareholder, Peters Investments Pty Ltd.;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that Peters Investments is a substantial holder of the Company;
- (c) the maximum number of Convertible Notes to be issued is 1,650,000 and the maximum number of Options to be issued is equal to 100% of the number of Convertible Notes to be issued (being 1,650,000 Options) as the Options will be issued free attaching with the Convertible Notes on a one for one basis;
- (d) the face value of the Convertible Notes will be \$1.00 each, and the issue price of the Options will be nil as they are free-attaching to the Convertible Notes on a one (1) for one (1) basis;
- (e) the Convertible Notes will be issued on the terms set out in Schedule 2. The Options will be issued on the terms and conditions set out in Schedule 3. If the Convertible Notes are converted into Shares or the Options are exercised, the Shares issued on conversion and/or exercise will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (f) the Peters Investments Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Convertible Notes and Options will occur on the same date;

- (g) the purpose of the issue of the Convertible Notes and Options is to raise \$1,650,000. The Company intends to apply the funds raised from the issue for the purposes as set out in Section 1.2 above;
- (h) the Convertible Notes and Options are being issued to Peters Investments under a Convertible Note Agreement between the Company and Peters Investments. A summary of the material terms of the Convertible Note Agreement is set out in Schedule 1; and
- (i) the Convertible Notes and Options are not being issued under, or to fund, a reverse takeover.

2.4 Dilution

Assuming no Options are exercised, no convertible securities are converted, or other Shares issued and the maximum number of Convertible Notes as set out above are issued, there will be no immediate dilutionary effect to Shareholders of the issue of Convertible Notes and Options pursuant to this Resolution.

However, in the event that all the Convertible Notes and Options issued pursuant to this Resolution were exercised or converted (as applicable), (assuming no other convertible securities are converted or other Shares issued), the Company would issue an additional 55,825,000 new Shares and the shareholding of existing Shareholders would be diluted by 6.845%.

Additionally, the above calculations do not contemplate conversion of any accrued interest or capitalised fees as may be payable to the Investors. The issue of Shares on the conversion of any accrued interest or capitalised fees will have a further dilutionary effect on Shareholders.

3. RESOLUTION 2 – PROPOSED ISSUE OF CONVERTIBLE NOTES AND OPTIONS TO RELATED PARTY – MR ANDREW GOODALL

3.1 General

As set out in Section 1 above, Director Andrew Goodall wishes to participate in the Offer on the same terms as Peters Investments, which is an unrelated participant in the Offer.

Accordingly, Resolution 2 seeks Shareholder approval for the issue of 1,350,000 Convertible Notes, together with 1,350,000 free-attaching Options to Mr Goodall (or their nominee) (**Goodall Offer**), on the terms set out below.

Mr Goodall, as a Director, is a related party of the Company.

3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Goodall Offer will result in the issue of Convertible Notes and Options which constitutes giving a financial benefit and Mr Goodall, is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Andrew Goodall who has a material personal interest in the outcome of Resolution 2) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Goodall Offer because the Convertible Notes and Options will be issued to Mr Andrew Goodall (or his nominee) on the same terms as Convertible Notes and Options issued to Peters Investments, being a non-related party participant in the Offer, which was negotiated and agreed at arm's length. As such the giving of the financial benefit to Mr Goodall is considered to be on arm's length terms, for the purposes of Section 210 of the Corporations Act.

3.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Goodall Offer falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 2 seeks Shareholder approval for the Goodall Offer under and for the purposes of Listing Rule 10.11.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Convertible Notes and Options under the Goodall Offer within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 1.2 above.

As approval pursuant to Listing Rule 7.1 is not required for the issue of the Convertible Notes and Options in respect of the Goodall Offer (because approval is being obtained under Listing Rule 10.11), the issue of the Convertible Notes and Options (and any Shares issues on conversion of the Convertible

Notes or exercise of the Options) will not use up any of the Company's 15% annual placement capacity.

If Resolution 2 is not passed, the Company will not be able to proceed with the Goodall Offer of Convertible Notes and Options. In addition, the Company will have to repay Mr Goodall all monies received from Mr Goodall pursuant to the Convertible Note Agreement plus accrued interest, as well as an amount equal to the Black & Scholes valuation of the Options as at the date of this Meeting.

3.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the Convertible Notes and Options will be issued to Mr Andrew Goodall (or his nominee), who falls within the category set out in Listing Rule 10.11.1, as Mr Andrew Goodall is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Convertible Notes to be issued to Andrew Goodall (or his nominee) is 1,350,000 and the maximum number of Options to be issued is 1,350,000;
- (c) the Convertible Notes will be issued on the terms set out in Schedule 2. The Options will be issued on the terms and conditions set out in Schedule 3. If the Convertible Notes are converted into Shares or the Options are exercised, the Shares issued on conversion and/or exercise will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Convertible Notes and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (e) the face value of the Convertible Notes will be \$1.00 each, and the issue price of the Options will be nil as they are free-attaching to the Convertible Notes, being, the same terms as all other Convertible Notes and Options issued to unrelated parties under the Offer;
- (f) the purpose of the issue of Convertible Notes and Options under the Goodall Offer is to raise capital, which the Company intends to use in the manner set out in Section 1.2 above;
- (g) the securities to be issued under the Goodall Offer are not intended to remunerate or incentivise the Director;
- (h) the Convertible Notes and Options are being issued to Andrew Goodall (or his nominee) under a Convertible Note Agreement between the Company and Andrew Goodall. A summary of the material terms of the Convertible Note Agreement is set out in Schedule 1; and
- (i) a voting exclusion statement is included in Resolution 2 of the Notice.

4. RESOLUTION 3 – ISSUE OF INCENTIVE OPTIONS TO RELATED PARTY – ALISON COUTTS

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 5,900,000 Options (**AC Options**) to the Company's Executive Chairman Ms Alison Coutts (or her nominee) pursuant to the Company's existing Incentive Option Plan (**Option Plan**) on the terms and conditions set out below.

The AC Options will vest (and therefore be exercisable) in three (3) tranches.

The number of options per tranche, along with the milestones attaching to each tranche of AC Options, is set out in Schedule 4.

Resolution 3 seeks Shareholder approval for the issue of the AC Options to Ms Alison Coutts (or her nominee).

4.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2 above.

The issue of AC Options to Alison Coutts (or her nominee) constitutes giving a financial benefit and Alison Coutts is a related party of the Company by virtue of being a Director.

The Directors (other than Alison Coutts who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options because the agreement to issue the AC Options, reached as part of the remuneration package for Alison Coutts, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of AC Options falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 3 seeks the required Shareholder approval for the issue of the AC Options under and for the purposes of Listing Rule 10.14.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the AC Options to Ms Coutts within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the

Options (because approval is being obtained under Listing Rule 10.14), the issue of the AC Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the AC Options and the issue of such options will not be pursued.

4.5 Technical Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 3:

- (a) the AC Options will be issued to Alison Coutts (or her nominee), who falls within the category set out in Listing Rule 10.14.1 as Ms Coutts is a related party of the Company by virtue of being a Director;
- (b) the maximum number of AC Options to be issued is 5,900,000;
- (c) the current total remuneration package for Alison Coutts is \$350,000, comprising of salary of \$328,306, a superannuation payment of \$21,694. If the AC Options are issued, the total remuneration package of Alison Coutts will increase by \$198,528 to \$548,528, being the value of the AC Options (based on the Black Scholes methodology); and
- (d) No Options have previously been issued to Ms Coutts under the Option Plan. The AC Options are being issued to Ms Coutts under the Option Plan, however the Company confirms it is not relying on ASIC Class Order 14/1000 for this issue;
- (e) the material terms and conditions of the AC Options are set out in Schedule 4;
- (a) the AC Options are to be unquoted Options. The Company has chosen to issue the AC Options to Ms Coutts for the following reasons:
 - (i) the AC Options are unquoted, therefore, the issue of the AC Options has no immediate dilutionary impact on Shareholders;
 - (ii) the issue of AC Options to Ms Coutts will further align the interests of Ms Coutts with those of Shareholders;
 - (iii) the issue of the AC Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Ms Coutts;
 - (iv) because of the deferred taxation benefit available to Ms Coutts in respect of an issue of Options. This is also beneficial to the Company as it means Ms Coutts is not required to immediately sell the AC Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold a larger interest in the Company; and
 - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;

- (f) the Company values the Incentive Options at \$198,528 (being \$0.0336 per AC Option) based on the Black-Scholes methodology;
- (g) the AC Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the AC Options will occur on the same date;
- (h) the issue price of the AC Options will be nil. The Company will not receive any other consideration in respect of the issue of the AC Options (other than in respect of funds received on exercise of the AC Options);
- (b) a summary of the material terms and conditions of the Option Plan is set out in Schedule 5;
- (c) no loan is being made to Ms Coutts in connection with the acquisition of the AC Options;
- (d) details of any Options issued under the Option 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;
- (e) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Option Plan after Resolution 3 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (i) the purpose of the issue of the AC Options is to provide a performance linked incentive component in the remuneration package for Alison Coutts to motivate and reward their performance as a Director and to provide cost effective remuneration to Alison Coutts, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Alison Coutts; and
- (j) the AC Options are not being issued under an agreement.

GLOSSARY

\$ means Australian dollars.

AC Option means an option to acquire a Share with the terms, conditions and vesting criteria set out in Schedule 4.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Memphasys Limited (ACN 120 047 556).

Convertible Note Agreements means the two Convertible Note Agreements entered into between the Company and Peters Investments and the Company and Andrew Goodall, both dated 25 May 2021.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Investment Conditions means the Investment Conditions detailed in Schedule 1 that must be satisfied prior to the issue of the Convertible Notes.

Lead Manager means Canaccord Genuity (Australia) Limited (ACN 075 071 466).

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Offer means the offer of convertible notes in the capital of the Company, with a face value of \$1.00 each (**Convertible Notes**) together with one (1) free attaching Option (**Option**) for every one (1) Convertible Note subscribed for.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 3.

Optionholder means a holder of an Option or AC Option.

Peters Investments means Peters Investments Pty Ltd (ACN 008 699 287).

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

AEST means Australian Eastern Standard Time as observed in Sydney, NSW.

SCHEDULE 1 – SUMMARY OF CONVERTIBLE NOTE AGREEMENTS

The Company has entered into two separate Convertible Note Agreements with Peters Investments Pty Ltd (ACN 008 699 287) and Andrew Goodall (each, an **Investor**).

Other than the subscription sums of \$1,650,000 for Peters Investments Pty Ltd and \$1,350,000 for Andrew Goodall (the **Investment Amount**) (which in turn entitle each Investor to 1,650,000 Convertible Notes and 1,350,000 Convertible Notes respectively, together with a one for one free attaching Option), the material terms of the Convertible Note Agreements are substantially the same and are as follows:

Name of Contract	Convertible Note Agreement
Date of Contract	25 May 2021
Purpose of Investment	The Investment Amount is to provide working capital to allow the Company to re-engineer its Felix device and commence sales process to early access markets and working capital required to advance the additional products currently being developed by the Company.
Investment Conditions	The obligation of the Investor to subscribe for Convertible Notes and for the Loan to satisfy the Investment Amount is subject to satisfaction of the following conditions precedent: (a) completion of customary due diligence for debt issues by the Investor; (b) receipt of confirmation from ASX that the terms of the Convertible Notes comply with ASX Listing Rule 6.1 and that ASX does not otherwise object to any other matters contemplated by this Agreement in relation to issue of the Convertible Notes (if required); (c) the Company entering into separate and additional convertible note agreements with Peters Investments Pty Ltd (or their nominee) and Mr Andrew Goodall (or his nominee) on the same terms and conditions for no less than an additional \$1 million; and (d) shareholders approving the issue of the Convertible Note in general meeting.
Termination	If the Investment Conditions are not satisfied by the 23rd of August 2021, then the agreement will be deemed to be terminated. If the agreement is terminated: (a) the Company must immediately repay the Investment Amount to the Investor; (b) each party is released from its obligations to continue performance under the agreement except those imposing obligations of confidentiality; (c) each party retains any rights it has against any other party in respect of any breach of the agreement which has arisen prior to termination.
Issue of Convertible Notes	On the date upon which the last of the Investment Conditions is satisfied, the Company agrees to issue the Investor that number of Convertible Notes that is equal to the Investment Amount (i.e. at a face value of \$1 per Convertible Note). The Convertible Notes will otherwise be issued on the terms and conditions set out in Schedule 2.
Issue of Options	In consideration for entry into the agreement, the Company will, subject to first receiving Shareholder approval for their grant, grant to the Investor or its nominee the same number of unlisted Options (on the terms and conditions set out in Schedule 3) as Convertible Notes subscribed for and in the event that the Company does not receive Shareholder approval, the Company will, within 5 business days of the date of the meeting where Shareholder approval is not obtained, pay to the Investor an amount equal to the Black & Scholes valuation of the Options at the time of the Shareholder meeting.

SCHEDULE 2 – MATERIAL TERMS AND CONDITIONS OF CONVERTIBLE NOTES

- (a) The Convertible Notes are unsecured.
- (b) Interest rate of 8% per annum, payable in cash or Shares at the Convertible Note holder's election.
- (c) A fee of 3% of gross value of Convertible Notes is to be added to the gross value of the Convertible Notes (**Facilitation Fee**) and capitalised into Shares.
- (d) Maturity Date: 31 December 2022.
- (e) Conversion Price: the lower of:
 - (i) \$0.06; and
 - (ii) a 20% discount to the issue price of shares and/or the exercise price of any options offered under any capital raising(s) completed by the Company of greater than \$1,000,000 prior to the Repayment Date.
- (f) The Company must seek all necessary and appropriate shareholder approvals for the issue of the Convertible Notes, and if the Company fails to receive such approval, must repay all monies advanced plus any accrued interest.
- (g) Conversion of some or all of the Convertible Notes can occur at any time prior to the Maturity Date. If the Convertible Note holder wishes to be repaid in cash rather than convert, such an election must be made no less than 90 days prior to the Maturity Date.
- (h) If the Convertible Notes have not been redeemed or converted prior to the Maturity Date, the Company must repay the outstanding amount to the investor in cash on the Maturity Date and the Convertible Notes will be deemed to have been redeemed by the Company on that date.
- (i) Default events:
 - (i) the Company breaches the Convertible Note and fails to rectify such a breach within 5 business days;
 - (ii) breach of warranty by the Company; and
 - (iii) any form of winding up, receivership, insolvency or compromise event is entered into by the Company.
- (j) On the occurrence of a default event, the Convertible Note holder may, by notice to the Company either:
 - (i) require repayment of all moneys owing, and the Company must immediately pay those moneys (including accrued interest and fees); and/or
 - (ii) cancel its obligations (if any) under the Convertible Note agreement.
- (k) If at any time there is any reorganisation of the issued capital of the Company, then the number of Convertible Notes will be adjusted as appropriate and consistent with that reorganisation.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 31 December 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) 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.

(f) **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 (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) 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;
- (ii) 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
- (iii) 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 Schedule 1(h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors,

the Company must, no later than 20 Business Days after becoming aware of such notice being 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.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **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.

(k) **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.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 4 – TERMS AND CONDITIONS OF AC OPTIONS

(a) Vesting Conditions

Each Tranche of the AC Options shall vest and be exercisable upon the satisfaction of the following vesting conditions (each, a **Milestone**):

Tranche	Number of AC Options	Commercial Milestone (50%)	VWAP Milestone (50%)
1	2,537,000	The Company receives material sales orders from at least two Key Opinion Leader IVF clinics in two geographic markets (or at Board's discretion other commercial sales) with the first commercial sale to be on or prior to 31 December 2021, and the second on or prior to 31 March 2022. A 'material' sale is to be determined by the Directors having regard to the number of cartridges sold and the dollar value of the order. It is intended that each clinical user will acquire sufficient cartridges to enable it to commence commercial utilisation of the Felix device in its operations.	30-day Volume Weighted Average Price (VWAP) of \$0.10 per Share by 31 December 2021.
2	1,770,000	The Company receives first material commercial sales order of Stallion Dismount Diagnostic device (Sampson) from a commercial user, including an equine breeding stud, a commercial equine semen processing facility or a veterinary clinic servicing the equine breeding industry, by 31 December 2022.	30-day VWAP of \$0.125 per Share by 30 June 2022.
3	1,593,000	The Company achieves either: (a) Proprietary whole semen ambient temperature medium developed, and a proof concept trial successfully completed, for human semen diagnostic applications by 31 December 2022; or (b) Successful proof of concept trial in another product in the portfolio of reproductive biotechnology products currently being worked on by the Company by 30 June 2023.	30-day VWAP of \$0.175 per Share by 30 June 2023.

It is intended that, for each tranche of AC Options, the commercial Milestones and the VWAP Milestones are independent. Accordingly, upon either a commercial Milestone or a VWAP Milestone attaching to an applicable tranche

of AC Options being met, the respective proportion (50%) shall vest and be exercisable.

(b) **Entitlement**

Subject to vesting, each AC Option entitles the holder to subscribe for one Share upon exercise of the AC Option.

(c) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each AC Option (**Exercise Price**) will be:

- (i) Tranche 1 and Tranche 2 AC Options: a 34% premium to the VWAP over the 30 trading days prior to the date of the Meeting; and
- (ii) Tranche 3 AC Options: a 43% premium to the VWAP over the 30 trading days prior to the date of the Meeting.

(d) **Expiry Date**

Each AC Option will expire as follows:

- (i) Tranche 1 and Tranche 2 AC Options: the date falling two (2) years from the date of their issue; and
- (ii) Tranche 3 AC Options: the date falling three (3) years from the date of their issue,

(**Expiry Date**). An AC Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The AC Options are exercisable at any time on or prior to the applicable Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The AC Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the AC Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each AC Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(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 AC Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) 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;

- (ii) 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
- (iii) 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 AC Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being 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.

(i) **Shares issued on exercise**

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

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Transferability**

The AC Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 3 – SUMMARY OF EMPLOYEE OPTION PLAN

The key terms of the Option Plan are as follows:

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (A), (B), or (C) above; or
 - (v) who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an Offer) to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to Vesting Conditions as determined by the Board in its discretion and as specified in the Offer for the Option.
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (the **Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) Special Circumstances arising in relation to a Relevant Person in respect of those Options, being the following circumstances:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:

- (I) death or Total or Permanent Disability of a Relevant Person; or
 - (II) Retirement or Redundancy of a Relevant Person;
- (B) a Relevant Person suffering Severe Financial Hardship;
- (C) any other circumstance stated to constitute "Special Circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
- (ii) a Change of Control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in the Option;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a relevant person ceases to be an Eligible Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a Change of Control, or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option;
 - (vii) the expiry date of the Option.
- (h) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.

- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Shares. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (j) **No Participation Rights:** There are no participating 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.
- (k) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Options and subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (l) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm AEST on Sunday, 22 August 2021.**

🖨 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/memphasysgm2021>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm AEST on Sunday, 22 August 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** <https://www.votingonline.com.au/memphasysgm2021>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

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

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **30 Richmond Road, Homebush West, NSW 2140 on Tuesday, 24 August 2021 at 2:00pm AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 3, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 3 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 3). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

Ordinary Business

		For	Against	Abstain*
Resolution 1	Proposed issue of Convertible Notes and Options to Peters Investments Pty Ltd	☐	☐	☐
Resolution 2	Proposed Issue of Convertible Notes and Options to Related Party – Andrew Goodall	☐	☐	☐
Resolution 3	Issue of Incentive Options to Related Party – Alison Coutts	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021