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8 October 2013

Dear Shareholder,

On behalf of the Nanosonics' Board of Directors, I have pleasure in providing notice of the Company's Annual General Meeting to be held at Level 3, Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney, NSW, Australia on Friday 8 November 2013, commencing at 11.00am.

I encourage you to attend the meeting. If you are able to attend, please bring with you the attached proxy form as this will facilitate easy registration of Shareholders. Registration commences at 10.45am.

A person intending to vote shares held in the name of a company must bring an authority from that company, signed by it in favour of the person attending.

If you are unable to attend the meeting, I encourage you to vote, either by using the enclosed proxy form or by lodging your vote on-line at www.investorvote.com.au.

You are welcome to submit questions to the Company and its Auditor in advance of the meeting. A form for this purpose is enclosed and should be made available to the Company on or before Friday 1 November 2013 at the address provided at the end of the form.

I look forward to seeing you at the meeting and I invite you to join the Directors and Senior Managers for refreshments at the conclusion of the meeting.

The Nanosonics 2013 Annual Report and subsequent Company announcements are available from the investor section of the Nanosonics website at www.nanosonics.com.au or may be requested from the Company Secretary. Shareholders who have elected to receive a printed copy of the Annual Report will have received it in the post. Shareholders who have elected to receive share registry communications electronically should have already received an emailed link to the Annual Report.

Yours sincerely

Maurie Stang
Non-Executive Chairman

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NOTICE OF THE 2013 ANNUAL GENERAL MEETING

The 2013 Annual General Meeting (AGM) of shareholders of Nanosonics Limited ("Nanosonics" or "the Company") will be held:

- on Friday, 8 November 2013 commencing at 11.00am
- at Level 3, Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney, NSW, Australia.

The business to be considered at the meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Notes. A Proxy Form also accompanies this Notice.

ORDINARY BUSINESS

2013 Reports
To receive and consider:
The Company's Reports of the Directors and Auditor, and the Financial Report for the year ended 30 June 2013.

Resolution 1 - Election of a Director – Mr Maurie Stang
To consider and, if thought fit, to pass the following ordinary resolution:
That Mr Maurie Stang, who retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be elected a Director.

Resolution 2 - Election of a Director – Dr Ron Weinberger
To consider and, if thought fit, to pass the following ordinary resolution:
That Dr Ron Weinberger, who retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be elected a Director.

Resolution 3 - Remuneration Report
To consider and, if thought fit, to pass the following non-binding resolution:
That the Remuneration Report for the financial year ended 30 June 2013 be adopted.

SPECIAL BUSINESS

Resolution 4 - Nanosonics Employee Share Option Plan ("ESOP")
To consider and, if thought fit, to pass the following ordinary resolution:
That issues under the Nanosonics Limited ESOP, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting, from the date of this meeting and for the next three years, be approved for all purposes, particularly for the purposes of ASX Listing Rule 7.2, exception 9.

Resolution 5 - Nanosonics General Share Option Plan ("GSOP")
To consider and, if thought fit, to pass the following ordinary resolution:
That issues under the Nanosonics Limited GSOP, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting, from the date of this meeting and for the next three years, be approved for all purposes, particularly for the purposes of ASX Listing Rule 7.2, exception 9.

Resolution 6 - Nanosonics Deferred Employee Share Plan ("DESP")
To consider and, if thought fit, to pass the following ordinary resolution:
That issues under the Nanosonics Limited DESP, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting, from the date of this meeting and for the next three years, be approved for all purposes, particularly for the purposes of ASX Listing Rule 7.2, exception 9 and section 260C of the Corporations Act 2001(Cth).

Resolution 7 - Nanosonics Exempt Employee Share Plan ("EESP")
To consider and, if thought fit, to pass the following ordinary resolution:
That issues under the Nanosonics EESP, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting, from the date of this meeting and for the next three years, be approved for all purposes, particularly for the purposes of ASX Listing Rule 7.2, exception 9 and section 260C of the Corporations Act 2001(Cth).

Voting Exclusion Statement[1] – Resolutions 4 - 7
The Company will disregard any votes cast on Resolutions 4 -7 by:
- any Executive Director; and
- any associate of any Executive Director

as they are eligible to participate in all of the Nanosonics employee share schemes. Please Note: Non-executive Directors are specifically excluded from participating in all Nanosonics employee share schemes.

Resolution 8 - Issue of Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the Short Term Incentive Scheme ("STIS")
To consider and, if thought fit, to pass the following ordinary resolution:
That approval is given for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of ASX Limited for:
a) the issue, at the Board's discretion over a period of three years, of Performance Rights to Mr Michael Kavanagh under the Nanosonics Employee Share Option Plan in respect of the STIS ; and
b) in consequence of the vesting of those Performance Rights, fully paid ordinary shares in the Company,

on the terms set out in the Explanatory Statement accompanying this Notice of Meeting and in accordance with the Rules of the Nanosonics Employee Share Option Plan (as amended from time to time).

Voting Exclusion Statement[1] – Resolution 8
The Company will disregard any votes cast on Resolution 8 by:
- Mr Michael Kavanagh; and
- any associate of Mr Michael Kavanagh.

Resolution 9 - Issue of Performance Rights to the President Technology Development / Commercialisation, Dr Ron Weinberger, under the Short Term Incentive Scheme ("STIS")
To consider and, if thought fit, to pass the following ordinary resolution:
That approval is given for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of ASX Limited for:
a) the issue, at the Board's discretion over a period of three years, of Performance Rights to Dr Ron Weinberger under the Nanosonics Employee Share Option Plan in respect of the STIS ; and
b) in consequence of the vesting of those Performance Rights, fully paid ordinary shares in the Company,

on the terms set out in the Explanatory Statement accompanying this Notice of Meeting and in accordance with the Rules of the Nanosonics Employee Share Option Plan (as amended from time to time).

Voting Exclusion Statement[1] – Resolution 9
The Company will disregard any votes cast on Resolution 9 by:
- Dr Ron Weinberger; and
- any associate of Dr Ron Weinberger.

Resolution 10 - Issue of Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2013 Long Term Incentive Scheme Invitation ("2013 LTIS")
To consider and, if thought fit, to pass the following ordinary resolution:

That approval is given for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of ASX Limited for:

a) the issue of 1,500,000 Performance Rights to Mr Michael Kavanagh under the Nanosonics Employee Share Option Plan in respect of the 2013 LTIS for the 2014 financial year; and

b) in consequence of the vesting of those Performance Rights, fully paid ordinary shares in the Company,

on the terms set out in the Explanatory Statement accompanying this Notice of Meeting and in accordance with the Rules of the Nanosonics Employee Share Option Plan (as amended from time to time).

Voting Exclusion Statement[1] – Resolution 10

The Company will disregard any votes cast on Resolution 10 by:

- Mr Michael Kavanagh; and
- any associate of Mr Michael Kavanagh.

Resolution 11 - Issue of Performance Rights to the President Technology Development / Commercialisation, Dr Ron Weinberger, under the 2013 Long Term Incentive Scheme Invitation ("2013 LTIS")

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

That approval is given for all purposes under the Corporations Act 2001 (Cth) and the Listing Rules of ASX Limited for:

a) the issue of 134,818 Performance Rights to Dr Ronald Weinberger under the Nanosonics Employee Share Option Plan in respect of the 2013 LTIS for the 2014 financial year; and

b) in consequence of the vesting of those Performance Rights, fully paid ordinary shares in the Company,

on the terms set out in the Explanatory Statement accompanying this Notice of Meeting and in accordance with the Rules of the Nanosonics Employee Share Option Plan (as amended from time to time).

Voting Exclusion Statement[1] – Resolution 11

The Company will disregard any votes cast on Resolution 11 by:

- Dr Ron Weinberger; and
- any associate of Dr Ron Weinberger.

Resolution 12 – Approval of Chief Executive Officer and President termination payment

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

That, for the purposes of Chapter 2D Division 2 of the Corporations Act 2001 (Cth) and all other purposes, the Shareholders approve the payment by the Company to Mr Michael Kavanagh of the retirement benefit described in the Explanatory Statement accompanying this Notice of Meeting, when and if Mr Michael Kavanagh becomes entitled to receive that benefit.

Voting Exclusion Statement[1] – Resolution 12

The Company will disregard any votes cast on Resolution 12 by:

- Mr Michael Kavanagh; and
- any associate of Mr Michael Kavanagh.

Resolution 13 – Approval of Chief Financial Officer termination payment

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

That, for the purposes of Chapter 2D Division 2 of the Corporations Act 2001 (Cth) and all other purposes, the Shareholders approve the payment by the Company to Mr McGregor Grant of the retirement benefit described in the Explanatory Statement accompanying this Notice of Meeting, when and if Mr McGregor Grant becomes entitled to receive that benefit.

Voting Exclusion Statement[1] – Resolution 13
The Company will disregard any votes cast on Resolution 13 by:
- Mr McGregor Grant; and
- any associate of Mr McGregor Grant.

Resolution 14 – Approval of Chief Operations Officer termination payment
To consider and, if thought fit, to pass the following ordinary resolution:
That, for the purposes of Chapter 2D Division 2 of the Corporations Act 2001 (Cth) and all other purposes, the Shareholders approve the payment by the Company to Mr Gerard Putt of the retirement benefit described in the Explanatory Statement accompanying this Notice of Meeting, when and if Mr Gerard Putt becomes entitled to receive that benefit.

Voting Exclusion Statement[1] – Resolution 13
The Company will disregard any votes cast on Resolution 13 by:
- Mr Gerard Putt; and
- any associate of Mr Gerard Putt.

Voting Exclusion Statement Note 1:
The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

GENERAL BUSINESS
To transact any other business brought forward in accordance with the Company's Constitution.

Further information in relation to each of these resolutions is set out in the Explanatory Statement.

QUORUM
The Company's Constitution provides that two registered Company shareholders present personally or by representative, attorney or proxy shall be a quorum for a general meeting of the Company.

VOTING ENTITLEMENTS
For the purpose of the Corporations Act 2001 (Cth), the Company has determined that the holders of the Company's ordinary shares for the purpose of the 2013 AGM will be the holders registered as at 4:15pm (AEST) on Wednesday 6 November 2013. Shareholders so registered are entitled to attend and vote at the AGM (and any adjournment of the meeting that takes place within 28 days).

PROXIES
Proxies must be deposited, transmitted or lodged electronically at least 48 hours prior to the meeting (or adjourned meeting) as to how the individual named on the proxy form proposes to vote.
Electronic proxies must be registered by 11:00am (EST) on Wednesday 6 November 2013 at the Share Registry website at www.investorvote.com.au or, by Intermediary Online subscribers only, at www.intermediaryonline.com.

A completed proxy form, or a copy or facsimile that appears on its face to be an authentic copy of the proxy form, (and the Power of Attorney or other authority under which the proxy form is signed) must be deposited at or sent by facsimile transmission to the Company's share registry:

- Mail: Computershare Investor Services Pty Limited
  GPO Box 242, Melbourne, VIC 3001, Australia or

- Facsimile: 1800 783 447 (from within Australia) or +61 (3) 9473 2555 (from outside Australia)

or to the Company's registered office at:

- Mail / Hand Delivery: 24/566 Gardeners Road, Alexandria, NSW 2015, Australia or
- Facsimile: +61 (2)9317 5010

To lodge a proxy on-line, the holder identification number (HIN) or security holder reference number (SRN) is required. The HIN or SRN appears at the top of the proxy form attached.

A member entitled to attend and vote at the Company's AGM is entitled to appoint not more than two persons as his/her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless executed under a Power of Attorney, a proxy form by a corporation should be executed in accordance with section 127(1) of the Corporations Act 2001 (Cth).

ORDINARY RESOLUTIONS

In accordance with the Corporations Act 2001 (Cth) and the Company's Constitution, in order for all resolutions to be effective each must be passed as an ordinary resolution. This means that each of the resolutions must be passed by Shareholders who are the registered holders of more than 50% of the shares and who attend the meeting (either in person or by proxy) and are entitled to vote on them.

Dated at Sydney this 8th day of October 2013.

BY ORDER OF THE BOARD

McGregor Grant
Company Secretary

EXPLANATORY NOTES

These Explanatory Notes are an explanation of, and contain information about, the resolutions to be considered at the Nanosonics Limited (the Company) Annual General Meeting (AGM) to be held on 8 November 2013 and are to assist Shareholders to determine how they wish to vote on the resolutions. It forms part of the accompanying Notice of AGM and should be read together with the Notice.

ORDINARY BUSINESS

The following item of business and resolutions will be considered at the AGM.

First Item of Business

This item of business relates to the consideration of the Company's Financial Report, including the Directors' and Auditor's Reports, for the year ended 30 June 2013, and gives the members the opportunity to ask questions or make comments concerning these reports during the meeting. A copy of the 2013 Annual Report is available on the Company's website at www.nanosonics.com.au or may be requested from the Company Secretary. There is no requirement for a formal resolution on this item.

First Resolution – Election of Director – Mr Maurie Stang

Mr Maurie Stang was originally appointed a Director of the Company in November 2000. Under the Company's Constitution, Mr Stang retires by rotation, and being eligible, wishes to stand for election. Information on Mr Stang is set out on page 18 of the 2013 Annual Report.

Directors' recommendation:
The Board (excluding Mr Stang) recommends that shareholders vote in favour of the resolution.

Second Resolution – Election of Director – Dr Ron Weinberger

Dr Ron Weinberger was originally appointed a Director of the Company on 2nd July 2008. Under the Company's Constitution, Dr Weinberger retires by rotation, and being eligible, wishes to stand for election. Information on Dr Weinberger is set out on page19 of the 2013 Annual Report.

Directors' recommendation:
The Board (excluding Dr Weinberger) recommends that shareholders vote in favour of the resolution.

Third Resolution – Remuneration Report

The Company's Remuneration Report is required to be considered for adoption in accordance with the Corporations Act 2001 (Cth). The Remuneration Report is contained in the Directors' Report of the Annual Report. The vote on this resolution is advisory only and non-binding. The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the AGM. Under the Corporations Act 2001 (Cth), if 25% or more of votes that are cast vote against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election. The Company encourages all shareholders to cast their votes on this Resolution

Any undirected proxies held by the Chairman of the meeting, other Directors, other key management personnel (KMP) or any of their closely-related parties will not be included in the votes for this Resolution. KMP of the Company are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's KMP for the financial year to 30 June 2013. Their closely-related parties are defined in the Corporations Act 2001 (Cth), and include certain of their family members, dependants and companies they control.

Directors' Recommendation:
The Board recommends that Shareholders vote in favour of this resolution. Voting exclusions apply.

Fourth Resolution – Employee Share Option Plan
Approval of a Nanosonics Employee Share Option Plan ("ESOP")
Shareholder approval is sought for the issue of securities under the ESOP under ASX Listing Rule 7.2, exception 9. If passed, the approval will remain current for three years from the date of the 2013 Annual General Meeting.

The Executive Directors are eligible to participate in the ESOP and, accordingly, cannot vote on this resolution.

Directors' recommendation:
The Board (excluding Executive Directors Mr Michael Kavanagh and Dr Ron Weinberger) recommends that shareholders vote in favour of the resolution.

Fifth Resolution – Nanosonics General Share Option Plan
Approval of a Nanosonics General Share Option Plan ("GSOP")
Shareholder approval is sought for the issue of securities under the GSOP under ASX Listing Rule 7.2, exception 9. If passed, the approval will remain current for three years from the date of the 2013 Annual General Meeting.

The Executive Directors are eligible to participate in the GSOP and, accordingly, cannot vote on this resolution.

Directors' recommendation:
The Board (excluding Executive Directors Mr Michael Kavanagh and Dr Ron Weinberger) recommends that shareholders vote in favour of the resolution.

General Explanatory Notes applying to the Fourth and Fifth Resolutions are provided below.

Fourth and Fifth Resolutions – Approval of Share Option Plans
The following general information applies to both the Fourth and Fifth Resolutions on the approval of the Company's Share Option Plans. Information that is specific to each of these resolutions appears under the separate headings, above.

Shareholder approval is sought in Resolutions 4 and 5 for the issue of securities under both the ESOP and the GSOP under Listing Rule 7.2, exception 9. If passed, the approvals will remain current for three years from the date of the 2013 AGM.

1. The purpose of the Share Option Plans is to permit the Company, as part of its overall remuneration programs, to provide long-term incentives for employees (including Executive Directors), consultants and contractors to Nanosonics who deliver long-term shareholder returns. The Plans provide participants with an opportunity to acquire a beneficial ownership of shares in the Company and to access the taxation concessions available under the Income Tax Assessment Act. In making an offer of options or rights, the Board will have regard for the recipient's actual and potential contribution to the Company.
2. ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue without shareholder approval to 15% of each class of securities within any 12-month period.

3. ASX Listing Rule 7.2, exception 9, provides that a company's Shareholders may approve the issue of any securities under an employee incentive scheme as an exception to rule 7.1 up to three years prior to the date of the issue.
4. The ESOP and GSOP allows for the issue of both Options (rights with an exercise price) and Performance Rights (rights with a nil exercise price). Except where explicitly described, both Options and Performance Rights in this Explanatory Statement shall be referred to as Rights.
5. The ESOP and GSOP were last approved by shareholders on 3rd November 2010 at the 2010 Annual General Meeting.

Since the Share Option Plans were last approved the number of Rights granted, exercised, lapsed and outstanding as at the date of this Notice of Meeting are set out below:

	ESOP	GSOP
Outstanding Rights	5,500,100	1,240,050
Rights granted	5,518,303	831,038
Rights exercised	4,903,761	1,222,088
Rights lapsed	1,662,357	34,000
Rights outstanding	**4,452,285**	**815,000**

Summary of the Share Option Plans

1. Under the ESOP employees are eligible to participate in the ESOP at the invitation of the Board. The ESOP is designed to provide long-term incentives for employees (including Executive Directors but excluding Non-executive Directors) to deliver long-term shareholder returns.
2. The GSOP is designed to provide incentive, recognition and reward to invited consultants and contractors to Nanosonics who create long-term value for the Company.
3. No Director or employee may accept an offer to participate, or continue to participate, in the ESOP if at the time of acceptance he or she would own or control 5% or more of the issued capital of the Company.
4. An offer cannot be made under the ESOP or GSOP if the total of all Rights then on issue under the plans would exceed 20% of the Company's issued shares on a fully diluted basis. In addition, the maximum number of Rights able to be on issue under the ESOP and GSOP during any five year period, excluding unregulated offers, is 5% of the maximum number of shares on issue in that period.
5. In making an offer under the plans, the Board has regard for the recipient's actual and potential contribution to the Company. Participation in the plans is at the Board's discretion and no individual has a contractual right to participate in a plan or to receive any guaranteed benefits.
6. The exercise price of an Option will be determined by the Board in their sole and absolute discretion at the date of offer.
7. Plan participants are explicitly prohibited from entering into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Rights.
8. Rights cannot be transferred. Rights will not be quoted on the ASX. Shares issued under the Share Option Plans upon the exercise of Rights will rank equally with other ordinary shares of the Company and will be quoted on the ASX.
9. Rights may only be exercised on or after any vesting dates specified by the Board at the time of offer.
10. Rights will lapse if not exercised on or before their expiry date or, if issued under the ESOP, 30 days after termination of employment with Nanosonics, whichever occurs first.
11. There is no loan scheme and the Company does not provide financial assistance in relation to either the ESOP or GSOP.

12. In the event of a reconstruction of the issued ordinary share capital of the Company, the entitlement to shares attaching to each Option will be reconstructed in the same proportion as the share capital is reconstructed, but in all other respects the terms for the exercise of Options will remain unchanged. The terms will allow the rights of an Option holder to be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
13. Subject to the Listing Rules, a participant may only participate in a new issue of shares, including bonus issues and rights issues, if and to the extent that the Rights held by that participant have been exercised on or before the date for determining entitlements to that new issue.
14. If the Company makes a pro-rata offer of shares to all shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option is to be adjusted using the formula set out in Listing Rule 6.22.2. There will be no change in the number of shares to which the participant is entitled.
15. The Board administers the ESOP and GSOP according to their terms and conditions and, subject to any applicable law, has the power to amend the terms and conditions.

A copy of the Rules of the Share Option Plans may be obtained on request from the Company Secretary.

Sixth Resolution – Deferred Employee Share Plan
Approval of Nanosonics Deferred Employee Share Plan ("DESP")

Shareholder approval is sought for the issue of securities under the DESP under ASX Listing Rule 7.2, exception 9. If passed, the approval will remain current for three years from the date of the 2013 Annual General Meeting.

The Executive Directors are eligible to participate in the DESP and, accordingly, cannot vote on this resolution.

Directors' recommendation:
The Board (excluding Executive Directors Mr Michael Kavanagh and Dr Ron Weinberger) recommends that shareholders vote in favour of the resolution.

Seventh Resolution – Nanosonics Exempt Employee Share Plan
Approval of Nanosonics Exempt Employee Share Plan ("EESP")

Shareholder approval is sought for the issue of securities under the EESP under ASX Listing Rule 7.2, exception 9. If passed, the approval will remain current for three years from the date of the 2013 Annual General Meeting.

The Executive Directors are eligible to participate in the EESP and, accordingly, cannot vote on this resolution.

Directors' recommendation:
The Board (excluding Executive Directors Mr Michael Kavanagh and Dr Ron Weinberger) recommends that shareholders vote in favour of the resolution.

General Explanatory Notes applying to the Sixth and Seventh Resolutions are provided below.

Sixth and Seventh Resolutions – Approval of Employee Share Plans

The following information applies to both the Sixth Resolution and Seventh Resolution. Information that is specific to each of these resolutions appears under separate headings, below.

1. The purpose of the Share Plans is to provide eligible employees (including Executive Directors but excluding Non-executive Directors) with performance incentives through opportunities to acquire beneficial ownership of shares in the Company and to access the taxation concessions available under the Income Tax Assessment Act.
2. The Share Plans have been created by deeds of variation to the Deferred Employee Share Plan Trust Deed dated 24th March 2009 and the Exempt Employee Share Plan Trust Deed dated 1st April 2009 respectively.
3. ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue without shareholder approval to 15% of each class of securities within any 12-month period.
4. ASX Listing Rule 7.2, exception 9, provides that a company's shareholders may approve the issue of any securities under an employee incentive scheme as an exception to rule 7.1 up to three years prior to the date of the issue.
5. The operation of the Share Plans may involve the Company providing financial assistance to participants in connection with the acquisition of shares in the Company. Accordingly, shareholder approval is also sought to enable the Company to grant financial assistance in accordance with the exception in section 260C of the Corporations Act 2001 *(Cth).*
6. Section 260A of the Corporations Act 2001 *(Cth)* sets out certain requirements with which a company must comply in order to be able to financially assist a person to acquire shares in the Company. Section 260C(4) provides that the provision of financial assistance under an employee share scheme that is approved by a resolution passed at a general meeting of the Company will be exempted from the requirements of section 260A.
7. The Share Plans operate under separate trusts to regulate administrative requirements. The participant's ownership of the shares, and his or her right to deal with them, are governed by the rules set out in the respective Trust Deed. The shares are held in trust until the shares vest upon satisfaction of any conditions of the offer and an application for withdrawal from the participant having been accepted by the Company.
8. No Executive Director or employee may accept an offer to participate, or continue to participate, in a Share Plan if at the time of acceptance he or she would own or control 5% or more of the issued capital of the Company.
9. Shares issued under the Share Plans carry full shareholder rights such as entitlements in relation to rights and bonus issues, voting rights (by direction to the trustee) and rights to receive dividends but will not participate in any dividend reinvestment plan.
10. The number of shares that may be issued under the Share Plans is set with regard to the limits prescribed by the Australian Securities and Investments Commission with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of shares that may be issued when aggregated with the number of shares issued during the previous 5 years from share issues under all employee share schemes established by the Company (including as a result of exercise of Options to acquire shares granted during the previous 5 years under any such employee share scheme, but excluding unregulated offers), must not exceed 5%of the total number of shares on issue.
11. The Share Plans were last approved by approved by shareholders on 3rd November 2010 at the 2010 Annual General Meeting.

Copies of the Rules of the Share Plans and Deeds of Variation may be obtained on request from the Company Secretary.

Since the Share Plans were last approved the numbers of shares granted, forfeited, sold or transferred from the Share Plans and outstanding as at date of this Notice of Meeting is as set out below:

	DESP	**EESP**
Shares outstanding as at last approval	427,743	0
Shares granted	102,403	0
Shares forfeited	0	0
Shares disposals	388,644	0
Shares outstanding	**141,502**	**0**

Sixth Resolution – Approval of Deferred Employee Share Plan ("DESP")

The following general Explanatory Notes apply specifically to the Sixth Resolution. Explanatory Notes common to both the Sixth and Seventh Resolutions appear under a separate heading above.

1. The DESP allows invited eligible employees (including Executive Directors but excluding Non-executive Directors), to receive Nanosonics shares as a bonus/incentive or as a remuneration sacrifice and, subject to certain conditions, not pay tax for up to 7 years on the benefit in accordance with enabling tax legislation set out in Division 83A (ITAA 97). The DESP will allow the Company to meet the contemporary executive equity incentive practices of its competitors.
2. The Board may invite Executive Directors and employees of the Company and its related bodies corporate to participate in the DESP.
3. The Board may offer Executive Directors and employees Shares as part of their annual bonus or remuneration arrangements, subject to such terms and conditions as are determined by the Board. In addition, employees may be invited to elect to sacrifice their pre-tax salary, up to an amount determined by the Board, towards the acquisition of shares by the DESP plan trustee on behalf of the employee.
4. The Board may also offer Shares to employees as an incentive. Ordinarily such offers will be subject to minimum service periods and performance criteria.
5. The invitation to Executive Directors or employees will set out the terms of the offer including any performance or vesting conditions or other criteria for participating in the DESP.
6. Shares acquired under the DESP must not be withdrawn from the DESP by Executive Directors or employees until any performance or vesting conditions are satisfied.
7. After satisfaction of all such conditions, a participant may submit a notice of withdrawal to withdraw or sell some or all of his or her Shares. However, Participants may at any time submit a notice of withdrawal of shares held by them in the event of "Special Circumstances". Special Circumstances are defined as retirement, redundancy, death or permanent disablement of a participant, or such other circumstances determined by the Board from time to time.
8. A participant will forfeit any right or interest in Shares under the DESP if:
    - the participant ceases to be an employee or officer of Nanosonics or a related body corporate when performance or vesting conditions remain outstanding; or
    - a participant has been dismissed with cause or has committed any act of fraud, defalcation or gross misconduct in relation to the Company,

    unless the Board resolves otherwise.
9. The Board will notify participants to enable them to withdraw shares from the DESP where there is publicly announced any proposal in relation to the Company which the Board reasonably believes may lead to a change in control of the Company. The Board may determine whether the ability to submit a notice of withdrawal in these circumstances will be subject to the satisfaction of any performance or vesting conditions relevant to the Shares.

Seventh Resolution – Approval of Exempt Employee Share Plan ("EESP")

The following general Explanatory Notes apply specifically to the Seventh Resolution. Explanatory Notes common to both the Sixth and Seventh Resolutions appear under a separate heading above.

1. The EESP enables eligible Nanosonics employees (including Executive Directors but excluding Non-executive Directors) to acquire up to $1,000 worth of Nanosonics shares each year on a tax concessional basis in accordance with enabling tax legislation set out in Division 83A (ITAA 97). The Board of Nanosonics believes allowing employees to acquire equity in the Company should be encouraged.
2. The Board may invite employees (including Executive Directors but excluding Non-executive Directors) who have completed three years continuous or non-continuous service with the Company (or such lesser period as the Board determines) to participate in the EESP.

3. Upon an employee becoming a participant, the Company will contribute amounts to the trustee to enable it to acquire shares for the benefit of the employee.
4. Shares acquired under the EESP cannot be withdrawn from the EESP (either by sale or transfer) for three years after the date of acquisition while the participant remains employed by the Company.
5. After the expiry the three year period, a participant may submit a notice of withdrawal to withdraw or sell some or all of his or her Shares. Participants must withdraw from the EESP immediately they are no longer employed by the Company.
6. Shares offered under the EESP cannot be subject to forfeiture.
7. No Shares have been issued to date under the EESP.

Eighth Resolution – Issue of Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the Short Term Incentive Scheme ("STIS")

Shareholder approval is sought for Performance Rights to be issued at the Board's discretion over a period of three years to Mr Michael Kavanagh under the ESOP in respect of the STIS.

Under the Australian Securities Exchange (**ASX**) Listing Rules, an issue of securities to a Director is required to be approved by shareholders.

ASX Listing Rule 10.15 requires this Notice of Meeting to include the following information in relation to the Performance Rights granted to Mr Kavanagh under the terms of the ESOP.

Terms & Conditions of Performance Rights to be granted under the STIS
Background

It is the intention of the Board that 50% of any STIS awards achieved be subject to an additional service requirement, or deferral of benefit.

Each year, once the proportion of STIS award is determined, 50% shall be paid in cash and the balance delivered as Performance Rights subject to a 12 month Service Vesting Condition.

If no STIS is payable in any one year, no Performance Rights will be issued in respect of the STIS.

The Board is seeking approval for the issue of Performance Rights for the FY14, FY15 and FY16 STIS under the ESOP

The **value** of Performance Rights to be issued to in each year will not exceed the following:

- 2014 Financial Year – 50% of Mr Kavanagh's STIS opportunity
- 2015 Financial Year – 50% of Mr Kavanagh's STIS opportunity
- 2016 Financial Year – 50% of Mr Kavanagh's STIS opportunity

The total **number** of Performance Rights to be issued to Mr Kavanagh each year will be a function of:

$$\frac{\text{50\% of STIS achieved}}{\text{NAN Share Price*}} \quad = \quad \text{Number of Performance Rights issued}$$

*where NAN Share Price will be 5 day Volume Weighted Average Share Price (VWAP), calculated on the 5 trading days up to and including date of grant

For example:

- If Mr Kavanagh's FY14 STIS totalled $ 100,000; and
- The NAN Share Price was 76 cents at the grant date, then
- Mr Kavanagh would be entitled to receive **65,789** Performance Rights.

(50% of $100,000) divided by $0.76 = 65,789 Performance Rights
Quantum of Performance Rights

The exact number of Performance Rights which Mr Kavanagh may become entitled to cannot be known in advance, as this number will be a function of future NAN prices.

For the purposes of **Resolution 8:**

- the maximum value of Performance Rights that may be awarded in respect of the STIS under the ESOP in any one year cannot exceed $200,000.00; and
- the maximum value of Performance Rights that may be awarded in respect of the STIS under the ESOP for the three financial years FY14, FY15 and FY16 in cannot exceed $600,000.00.

Grant Date
The date by which the Performance Rights will be granted in respect of the STIS under the ESOP each year will be as follows:

- 2015 Financial Year – Not before 1st July 2014 and no later than 30th June 2015; and
- 2016 Financial Year – Not before 1st July 2015 and no later than 30th June 2016.
- 2017 Financial Year – Not before 1st July 2016 and no later than the 2016 AGM.

Maximum number of Shares
Each vested Performance Right, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Mr Kavanagh, for which Shareholder approval under Resolution 8 is sought, is the maximum number of Performance Rights that may be granted.

Vesting Conditions
Vesting of the Performance Rights granted to Mr Kavanagh will be subject to a Service Vesting Condition.

Service Vesting Condition
The Performance Rights will only vest if Mr Kavanagh remains in continuous employment with Nanosonics Limited in the position of CEO and President, or equivalent, for 12 months from the date of grant (Vesting Date).

Expiry Dates
The Performance Rights will automatically lapse, if not exercised before, 30 days after the respective Vesting Date.

Vesting of Performance Rights and issue of NAN Shares
- Any Performance Rights which fail to meet the Service Condition above will lapse immediately: there will be no retesting.
- Any Performance Rights which vest shall be automatically exercised and shares acquired by the Trustee of the Nanosonics Deferred Employee Share Plan (DESP) on Mr Kavanagh's behalf.

Consideration
As Mr Kavanagh's grant forms part of his STIS remuneration, the Performance Rights will be granted to Mr Kavanagh at no cost and no amount is payable on vesting and automatic exercise of the Performance Rights (that is, nil exercise price).

The Performance Rights will be granted under, and subject to, the ESOP.

Performance Rights do not carry any dividend or voting rights prior to exercise.

Change of control
In the event of a takeover or change in control of Nanosonics Limited, any unvested Performance Rights will vest on a pro-rata basis based on the proportion service completed at the time a change of control occurs, unless otherwise determined by the Board. The pro-rata period will be calculated from the grant date to the Change of Control date.

Performance Rights that vest following a change of control will not generally be subject to restrictions on dealings.

Termination of employment
If Mr Kavanagh ceases employment, for any reason other than as a result of a change of control, before the Performance Rights vest, unless the Board determines otherwise, the Performance Rights will automatically lapse.

Other Information

- Details of Mr Kavanagh's other Remuneration Entitlements and his holdings of NAN Securities can be found in Resolution 10.

- The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.

- There is no loan scheme in relation to the Performance Rights or the Plan.

- Mr Kavanagh is prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.

- Details of the Performance Rights granted to Mr Kavanagh will be provided in the Remuneration Report for the years ended 30 June 2014, 2015, 2016 and 2017.

Directors' recommendation:
The Board, excluding Mr Kavanagh, recommends that shareholders vote in favour of the resolution. Voting exclusions apply.

Ninth Resolution – Issue of Performance Rights to the President Technology Development / Commercialisation Dr Ron Weinberger under the Short Term Incentive Scheme ("STIS")
Shareholder approval is sought for Performance Rights to be issued at the Board's discretion over a period of three years to Dr Ron Weinberger under the ESOP in respect of the STIS.

Under the Australian Securities Exchange (**ASX**) Listing Rules, an issue of securities to a Director is required to be approved by shareholders.

ASX Listing Rule 10.15 requires this Notice of Meeting to include the following information in relation to the Performance Rights granted to Dr Weinberger under the terms of the ESOP.

Terms & Conditions of Performance Rights to be granted under the STIS
Background
It is the intention of the Board that 50% of any STIS awards achieved be subject to an additional service requirement, or deferral of benefit.

Each year, once the proportion of STIS award is determined, 50% shall be paid in cash and the balance delivered as Performance Rights subject to a 12 month Service Vesting Condition.

If no STIS is payable in any one year, no Performance Rights will be issued in respect of the STIS.

The Board is seeking approval for the issue of Performance Rights for the FY14, FY15 and FY16 STIS under the ESOP

The **value** of Performance Rights to be issued to in each year will not exceed the following:

- 2014 Financial Year – 50% of Dr Weinberger's STIS opportunity
- 2015 Financial Year – 50% of Dr Weinberger's STIS opportunity
- 2016 Financial Year – 50% of Dr Weinberger's STIS opportunity

The total **number** of Performance Rights to be issued to Dr Weinberger each year will be a function of:

$$\frac{\text{50\% of STIS achieved}}{\text{NAN Share Price*}} = \text{Number of Performance Rights issued}$$

*where NAN Share Price will be 5 day Volume Weighted Average Share Price (VWAP), calculated on the 5 trading days up to and including date of grant

For example:

- If Dr Weinberger's FY14 STIS totalled $ 100,000; and
- The NAN Share Price was 76 cents at the grant date, then
- Dr Weinberger would be entitled to receive **65,789** Performance Rights.

(50% of $100,000) divided by $0.76 = 65,789 Performance Rights

Quantum of Performance Rights

The exact number of Performance Rights which Dr Weinberger may become entitled to cannot be known in advance, as this number will be a function of future NAN prices.

For the purposes of **Resolution 8:**

- the maximum value of Performance Rights that may be awarded in respect of the STIS under the ESOP in any one year cannot exceed $100,000.00; and
- the maximum value of Performance Rights that may be awarded in respect of the STIS under the ESOP for the three financial years FY14, FY15 and FY16 in cannot exceed $300,000.00.

Grant Date

The date by which the Performance Rights will be granted in respect of the STIS under the ESOP each year will be as follows:

- 2015 Financial Year – Not before 1st July 2014 and no later than 30th June 2015; and
- 2016 Financial Year – Not before 1st July 2015 and no later than 30th June 2016.
- 2017 Financial Year – Not before 1st July 2016 and no later than the 2016 AGM.

Maximum number of Shares
Each vested Performance Right, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Dr Weinberger, for which Shareholder approval under Resolution 9 is sought, is the maximum number of Performance Rights that may be granted.

Vesting Conditions
Vesting of the Performance Rights granted to Dr Weinberger will be subject to a Service Vesting Condition.

Service Vesting Condition
The Performance Rights will only vest if Dr Weinberger remains in continuous employment with Nanosonics Limited in the position of President Technology Development / Commercialisation, or equivalent, for 12 months from the date of grant (Vesting Date).

Expiry Dates
The Performance Rights will automatically lapse, if not exercised before, 30 days after the respective Vesting Date.

Vesting of Performance Rights and issue of NAN Shares
- Any Performance Rights which fail to meet the Service Condition above will lapse immediately: there will be no retesting.
- Any Performance Rights which vest shall be automatically exercised and shares acquired by the Trustee of the Nanosonics Deferred Employee Share Plan (DESP) on Dr Weinberger behalf.

Consideration
As Dr Weinberger's grant forms part of his STIS remuneration, the Performance Rights will be granted to Dr Weinberger at no cost and no amount is payable on vesting and automatic exercise of the Performance Rights (that is, nil exercise price).

The Performance Rights will be granted under, and subject to, the ESOP.

Performance Rights do not carry any dividend or voting rights prior to exercise.

Change of control
In the event of a takeover or change in control of Nanosonics Limited, any unvested Performance Rights will vest on a pro-rata basis based on the proportion service completed at the time a change of control occurs, unless otherwise determined by the Board. The pro-rata period will be calculated from the grant date to the Change of Control date.

Performance Rights that vest following a change of control will not generally be subject to restrictions on dealings.

Termination of employment
If Dr Weinberger ceases employment, for any reason other than as a result of a change of control, before the Performance Rights vest, unless the Board determines otherwise, the Performance Rights will automatically lapse.

Other Information
- Details of Dr Weinberger's other Remuneration Entitlements and his holdings of NAN Securities can be found in Resolution 11.

- The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.

- There is no loan scheme in relation to the Performance Rights or the Plan.

- Dr Weinberger is prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.

- Details of the Performance Rights granted to Dr Weinberger will be provided in the Remuneration Report for the years ended 30 June 2014, 2015, 2016 and 2017.

Directors' recommendation:
The Board, excluding Dr Weinberger, recommends that shareholders vote in favour of the resolution. Voting exclusions apply.

Tenth Resolution - Approve the issue of Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2013 Long Term Incentive Scheme Invitation ("2013 LTIS")
Approval is sought for the issue of **1,500,000** Performance Rights in the Nanosonics Employee Share Option Plan (**ESOP**) to Mr Michael Kavanagh under the terms of the **2013 LTIS** in respect of the 2014 financial year.

Under the Australian Securities Exchange (**ASX**) Listing Rules, an issue of securities to a Director is required to be approved by shareholders.

ASX Listing Rule 10.15 requires this Notice of Meeting to include the following information in relation to the Performance Rights granted to Mr Kavanagh under the terms of the ESOP.

Terms & Conditions of the 2014 LTIS Invitation issue of Performance Rights
Maximum number of Shares
Each vested Performance Right, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Mr Kavanagh, for which Shareholder approval under resolution 10 is sought, is **1,500,000** Shares.

The number of Performance Rights which will vest in accordance with the rules of the ESOP and the invitation is dependent on the vesting conditions which are summarised as follows:

Vesting Conditions
Vesting of the Performance Rights granted to Mr Kavanagh will be subject to both Performance and Service Vesting Conditions.

Performance Conditions
After Board consideration it is proposed that the **2013 LTIS** be subject to both external (Total Shareholder Return – TSR) and internal (Revenue) **Performance Conditions** as follows:

Relative TSR Performance: Tranche 1 Performance Rights
25% of the total number of Performance Rights granted (**375,000**) will vest subject to Nanosonics' relative TSR performance against the companies within the **2013 LTIS Comparator Group** over the Measurement Period **8 November 2013** to the date of the release of Nanosonics' **FY16** financial statements.

Relative TSR Performance: Tranche 3 Performance Rights

25% of the total number of Performance Rights granted (**375,000**) will vest subject to Nanosonics' relative TSR performance against the companies within the **2013 LTIS Comparator Group** over the Measurement Period **8 November 2013** to the date of the release of Nanosonics' **FY17** financial statements.

Vesting of the Performance Rights subject to **Relative TSR Performance** (Tranches 1 and 3) shall be in the following proportions:

Nansonic TSR vs. 2013 LTIS Comparator Group	**Proportion of Performance Rights to vest**
Below the 50th percentile	0%
50th to 75th percentile	50% - 100% (pro-rata)
At the 75th Percentile	100%
Straight line interpolation will apply to the incremental results	

Total Shareholder Return (TSR)

TSR will be measured by independent third party following the end of the respective Measurement Periods.

TSR, for the purposes of the 2013 LTIS, is defined as share price performance including the value of all reinvested dividends. The dividend is calculated reinvested as from the day the share is traded exclusive the right to the dividend (ex date).

The 2013 LTIS Comparator Group

The recommended group of companies is set out below and has been selected by the Board as comprising companies that are ASX listed which have Global Industry Classification Standard (GICS) codes 3510 - Health Care Equipment & Services or 3520 - Pharmaceuticals & Biotechnology and have one or more of the following characteristics:

- they are considered alternate investment vehicles by local and overseas investors,
- have similar operations,
- are impacted by similar cyclical factors

as Nanosonics Limited.

ACG	AtCor Medical
ACL	Alchemia Limited
ACR	Acrux Limited
ADO	Anteo Diagnostics
AHZ	Allied Health Ltd
ANP	Antisense Therapeutics Ltd
AVH	Avita Medical Ltd
AVX	Avexa Limited
BLT	Benitec Biopharma Ltd
BNO	Bionomics Limited
CDY	Cellmid Limited
CIR	Circadian Technologies Ltd
CMP	Compumedics Limited
COH	Cochlear Limited
CSL	CSL Limited
CUV	Clinuvel Pharmaceuticals Ltd

ELX	Ellex Medical Lasers Limited
GID	Gi Dynamics, Inc
GTG	Genetic Technologies Ltd
IDT	IDT Australia Limited
IPD	Impedimed Limited
IVX	Invion Ltd
LCT	Living Cell Technologies Ltd
MSB	Mesoblast Ltd
MVP	Medical Developments International Ltd
MYX	Mayne Pharma Group Ltd
NEU	Neuren Pharmaceuticals Ltd
OIL	Optiscan Imaging
OSP	Osprey Med Inc
PAB	Patrys Limited
PBT	Prana Biotechnology Limited
POH	Phosphagenics Limited
PRR	Prima Biomed Ltd
PVA	Psivida Corp
PXS	Pharmaxis Ltd
PYC	Phylogica Ltd
QRX	Qrxpharma Ltd
RMD	ResMed Inc.
RVA	Reva Medical, Inc
SOM	SomnoMed Limited
SPL	Starpharma Holdings Ltd
SRX	Sirtex Medical Ltd
TIS	Tissue Therapies Ltd
UBI	Universal Biosensors
UCM	Uscom Limited
VLA	Viralytics Ltd

Should a company named in the table above be delisted or the Board in its discretion considers for any reason whatsoever that it is no longer meaningful to include a company within the comparator list above, the company's relative position at the time it is removed will be set for the duration of the Measurement Period.

In any event the Board's decision is final in determining relative performance.

Revenue Hurdle: Tranche 2 Performance Rights

25% of the total number of Performance Rights granted (**375,000**) will vest subject to Nanosonics' Revenue results for the **FY16.**

NAN Revenue Hurdle	Proportion of Performance Rights to vest	*Revenue Hurdle represents a CAGR, based on FY13 Revenue of $14.9M, of:*
Below $25.7 million	0%	
$25.7million	25%	*20%*
$29.1million	50%	*25%*
$32.7 million	75%	*30%*
$36.7 million	100%	*35%*
Straight line interpolation between 25% and 50%, 50% and 75%, and 75% and 100% will apply to the incremental results.		

Revenue Hurdle: Tranche 4 Performance Rights

25% of the total number of Performance Rights granted (**375,000**) will vest subject to Nanosonics' Revenue results for the **FY17.**

NAN Revenue Hurdle	Proportion of Performance Rights to vest	*Revenue Hurdle represents a CAGR, based on FY13 Revenue of $14.9M, of:*
Below $30.9 million	0%	
$30.9 million	25%	*20%*
$36.4 million	50%	*25%*
$42.6 million	75%	*30%*
$49.5 million	100%	*35%*
Straight line interpolation between 25% and 50%, 50% and 75%, and 75% and 100% will apply to the incremental results.		

Service Condition

In addition to the Performance Conditions above, the Performance Rights will only vest if Mr Kavanagh remains in continuous employment with Nanosonics Limited in the position of CEO and President, or equivalent, from the date of grant to the respective Vesting Date of each Tranche.

Vesting Dates

Tranche 1: 31 August 2016
Tranche 2: 31 August 2016
Tranche 3: 31 August 2017
Tranche 4: 31 August 2017

Expiry Dates

The Performance Rights of each Tranche will automatically lapse, if not exercised before, 30 days after the respective Vesting Date.

Vesting of Performance Rights and issue of NAN Shares

- Any Performance Rights which fail to meet the Performance Conditions or Service Condition above will lapse immediately: there will be no retesting.

- Any Performance Rights which vest on 31 August 2016 and/or 31 August 2017 will be automatically exercised and shares acquired by the Trustee of the Nanosonics Deferred Employee Share Plan (DESP) on Mr Kavanagh's behalf.

Consideration

As Mr Kavanagh's grant forms part of his LTI remuneration, the Performance Rights will be granted to Mr Kavanagh at no cost and no amount is payable on vesting and automatic exercise of the Performance Rights (that is, nil exercise price).

The Performance Rights will be granted under, and subject to, the ESOP.

Performance Rights do not carry any dividend or voting rights prior to exercise.

Value of the grant of Performance Rights

The value of the grant of Performance Rights has been assessed by an independent consultant applying a Binominal Approximation Option Pricing methodology to be $0.7659 each (weighted average) or $1,148,775.00 in total based on variables determined at 24 September 2013 as below:.

Input variables	
Indicative date	24-Sep-13
Share Price	$0.765
Exercise Price	$0.00
Risk free rate	2.74%
Expected dividend yield	0.00%
Standard deviation	39.80%
Number of days (weighted average)	1,210
Assessed value per Performance Right (weighted average)	$0.7659
Number of Performance Rights	1,500,000
Gross estimated annualised value (before discount for performance probabilities)	
2014 Financial Year	$228,395
2015 Financial Year	$354,741
2016 Financial Year	$355,713
2017 Financial Year	$184,751
2018 Financial Year	$25,176
	$1,148,775

A valuation at the date of grant in accordance with AIFRS-2 will be undertaken and the value of these Performance Rights expensed in accordance with the standards.

Depending on the future value of Nanosonics shares, the estimated value of the benefit under a number of scenarios, is as follows:

Future NAN Share Price	Potential Value of the benefit	Company Market Capitalisation
		if potential benefit achieved
	($m)*	**($m)^**
$0.500	$0.75	$131.41
$0.765	$1.15	$201.06
$1.000	$1.50	$262.82
$1.250	$1.88	$328.53
$1.500	$2.25	$394.23

* Assumes performance and service conditions met and does not include any dividend benefit.
^ Assumes constant issued capital.

Other remuneration entitlements

Mr Kavanagh's other remuneration entitlements for the 2014 financial year are as follows:

- Total Fixed Remuneration: $427,775
- Short Term Inventive (maximum opportunity): $136,530

The **2013 LTIS** grant of Performance Rights represents a value equal to approximately 269% of Mr Kavanagh's Total Fixed Remuneration for the 2014 financial year.

Other securities held by director

Mr Kavanagh currently owns or has a beneficial interest in the following securities of the Company at the date of this notice:

- Shares: (Direct) **150,000**

Change of control

In the event of a takeover or change in control of Nanosonics Limited, any unvested Performance Rights will vest on a pro-rata basis based on the most current financial reports available at the time a change of control occurs, unless otherwise determined by the Board. The pro-rata period will be calculated from the grant date to the Change of Control date.

Performance Rights that vest following a change of control will not generally be subject to restrictions on dealings.

Termination of employment

If Mr Kavanagh ceases employment, for any reason other than as a result of a change of control, before the vesting conditions are tested, unless the Board determines otherwise, the Performance Rights will automatically lapse.

Other Information

- It is intended that if approved, the Performance Rights shall be issued to Mr Kavanagh within 60 days of this meeting.

- The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.

- There is no loan scheme in relation to the Performance Rights or the Plan.

- Mr Kavanagh is prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.

- Details of the Performance Rights granted to Mr Kavanagh will be provided in the Remuneration Report for the years ended 30 June 2014, 2015, 2016, 2017 and 2018.

Director's recommendation:
The Board, other than Mr Kavanagh, consider the grant of Performance Rights to Mr Kavanagh to be appropriate in all circumstances and unanimously recommend that shareholders vote in favour of the **2013 LTIS** grant of Performance Rights to the CEO and President, Mr Michael Kavanagh.

Eleventh Resolution - Approve the issue of Performance Rights to the President Technology Development / Commercialisation, Dr Ron Weinberger, under the 2013 Long Term Incentive Scheme Invitation ("2013 LTIS")

Approval is sought for the issue of **134,818** Performance Rights in the Nanosonics Employee Share Option Plan (**Plan**) to Dr Ron Weinberger under the terms of the **2013 LTIS** in respect of the 2014 financial year.

Under the Australian Securities Exchange (**ASX**) Listing Rules, an issue of securities to a Director is required to be approved by shareholders.

ASX Listing Rule 10.15 requires this Notice of Meeting to include the following information in relation to the Performance Rights granted to Dr Weinberger under the terms of the ESOP.

Terms & Conditions of the 2014 LTIS Invitation issue of Performance Rights
Maximum number of Shares
Each vested Performance Right, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Dr Weinberger, for which Shareholder approval under resolution 11 is sought, is **134,818** Shares.

The number of Performance Rights which will vest in accordance with the rules of the ESOP and the invitation is dependent on the vesting conditions which are summarised as follows:

Vesting Conditions
Vesting of the Performance Rights granted to Dr Weinberger will be subject to both Performance and Service Vesting Conditions.

Performance Conditions
After Board consideration it is proposed that the **2013 LTIS** be subject to both external (Total Shareholder Return – TSR) and internal (Revenue) **Performance Conditions** as follows:

Relative TSR Performance: Tranche 1 Performance Rights
50% of the total number of Performance Rights granted (**67,409**) will vest subject to Nanosonics' relative TSR performance against the companies within the **2013 LTIS Comparator Group** over the Measurement Period **8 November 2013** to the date of the release of Nanosonics' **FY16** financial statements.

Vesting of the Performance Rights subject to **Relative TSR Performance** (Tranche 1) shall be in the following proportions:

Nansonic TSR vs. 2013 LTIS Comparator Group	**Proportion of Performance Rights to vest**
Below the 50th percentile	0%
50th to 75th percentile	50% - 100% (pro-rata)
At the 75th Percentile	100%
Straight line interpolation will apply to the incremental results	

Total Shareholder Return (TSR)
TSR will be measured by independent third party following the end of the respective Measurement Periods.

TSR, for the purposes of the 2013 LTIS, is defined as share price performance including the value of all reinvested dividends. The dividend is calculated reinvested as from the day the share is traded exclusive the right to the dividend (ex date).

The 2013 LTIS Comparator Group
The recommended group of companies is set out below and has been selected by the Board as comprising companies that are ASX listed which have Global Industry Classification Standard (GICS) codes 3510 - Health Care Equipment & Services or 3520 - Pharmaceuticals & Biotechnology and have one or more of the following characteristics:

- they are considered alternate investment vehicles by local and overseas investors,
- have similar operations,
- are impacted by similar cyclical factors

as Nanosonics Limited.

ACG	AtCor Medical
ACL	Alchemia Limited
ACR	Acrux Limited
ADO	Anteo Diagnostics
AHZ	Allied Health Ltd
ANP	Antisense Therapeutics Ltd
AVH	Avita Medical Ltd
AVX	Avexa Limited
BLT	Benitec Biopharma Ltd
BNO	Bionomics Limited
CDY	Cellmid Limited
CIR	Circadian Technologies Ltd
CMP	Compumedics Limited
COH	Cochlear Limited
CSL	CSL Limited
CUV	Clinuvel Pharmaceuticals Ltd
ELX	Ellex Medical Lasers Limited
GID	Gi Dynamics, Inc
GTG	Genetic Technologies Ltd
IDT	IDT Australia Limited
IPD	Impedimed Limited

IVX	Invion Ltd
LCT	Living Cell Technologies Ltd
MSB	Mesoblast Ltd
MVP	Medical Developments International Ltd
MYX	Mayne Pharma Group Ltd
NEU	Neuren Pharmaceuticals Ltd
OIL	Optiscan Imaging
OSP	Osprey Med Inc
PAB	Patrys Limited
PBT	Prana Biotechnology Limited
POH	Phosphagenics Limited
PRR	Prima Biomed Ltd
PVA	Psivida Corp
PXS	Pharmaxis Ltd
PYC	Phylogica Ltd
QRX	Qrxpharma Ltd
RMD	ResMed Inc.
RVA	Reva Medical, Inc
SOM	SomnoMed Limited
SPL	Starpharma Holdings Ltd
SRX	Sirtex Medical Ltd
TIS	Tissue Therapies Ltd
UBI	Universal Biosensors
UCM	Uscom Limited
VLA	Viralytics Ltd

Should a company named in the table above be delisted or the Board in its discretion considers for any reason whatsoever that it is no longer meaningful to include a company within the comparator list above, the company's relative position at the time it is removed will be set for the duration of the Measurement Period.

In any event the Board's decision is final in determining relative performance.

Revenue Hurdle: Tranche 2 Performance Rights

50% of the total number of Performance Rights granted (**67,409**) will vest subject to Nanosonics' Revenue results for the **FY16.**

NAN Revenue Hurdle	**Proportion of Performance Rights to vest**	***Revenue Hurdle represents a CAGR, based on FY13 Revenue of $14.9M, of:***
Below $25.7 million	0%	
$25.7million	25%	*20%*
$29.1million	50%	*25%*
$32.7 million	75%	*30%*
$36.7 million	100%	*35%*
Straight line interpolation between 25% and 50%, 50% and 75%, and 75% and 100% will apply to the incremental results.		

Service Condition
In addition to the Performance Conditions above, the Performance Rights will only vest if Dr Weinberger remains in continuous employment with Nanosonics Limited in the position of President Technology Development / Commercialisation, or equivalent, from the date of grant to the respective Vesting Date of each Tranche.

Vesting Dates
Tranche 1: 31 August 2016
Tranche 2: 31 August 2016

Expiry Dates
The Performance Rights of each Tranche will automatically lapse, if not exercised before, 30 days after the respective Vesting Date.

Vesting of Performance Rights and issue of NAN Shares
- Any Performance Rights which fail to meet the Performance Conditions or Service Condition above will lapse immediately: there will be no retesting.
- Any Performance Rights which vest on 31 August 2016 will be automatically exercised and shares acquired by the Trustee of the Nanosonics Deferred Employee Share Plan (DESP) on Dr Weinberger's behalf.

Consideration
As Dr Weinberger's grant forms part of his LTI remuneration, the Performance Rights will be granted to Dr Weinberger at no cost and no amount is payable on vesting and automatic exercise of the Performance Rights (that is, nil exercise price).

The Performance Rights will be granted under, and subject to, the ESOP.

Performance Rights do not carry any dividend or voting rights prior to exercise.

Value of the grant of Performance Rights
The value of the grant of Performance Rights has been assessed by an independent consultant applying a Binominal Approximation Option Pricing methodology to be $0.7657 each (weighted average) or $103,230 in total based on variables determined at 24 September 2013 as below:.

Input variables	
Indicative date	24-Sep-13
Share Price	$0.765
Exercise Price	$0.00
Risk free rate	2.74%
Expected dividend yield	0.00%
Standard deviation	39.80%
Number of days (weighted average)	1,027
Assessed value per Performance Right (weighted average)	$0.7657
Number of Performance Rights	134,818
Gross estimated annualised value (before discount for performance probabilities)	
2014 Financial Year	$23,621
2015 Financial Year	$36,688
2016 Financial Year	$36,789
2017 Financial Year	$6,132
	$103,230

A valuation at the date of grant in accordance with AIFRS-2 will be undertaken and the value of these Performance Rights expensed in accordance with the standards.

Depending on the future value of Nanosonics shares, the estimated value of the benefit under a number of scenarios, is as follows:

Future NAN Share Price	Potential Value of the benefit	Company Market Capitalisation
		if potential benefit achieved
	($m)*	**($m)^**
$0.500	$0.067	$131.41
$0.765	$0.103	$201.06
$1.000	$0.135	$262.82
$1.250	$0.169	$328.53
$1.500	$0.202	$394.23

* Assumes performance and service conditions met and does not include any dividend benefit.
^ Assumes constant issued capital.

Other remuneration entitlements

Dr Weinberger's other remuneration entitlements for the 2014 financial year are as follows:

- Total Fixed Remuneration: $327,775
- Short Term Inventive (maximum opportunity): $103,230

The **2013 LTIS** grant of Performance Rights represents a value equal to approximately 31.5% of Dr Weinberger's Total Fixed Remuneration for the 2014 financial year.

Other securities held by director

Dr Weinberger currently owns or has a beneficial interest in the following securities of the Company at the date of this notice:

- Shares: (Indirect) **29,881**
- Performance Rights: (Indirect) **1,458,726**

Change of control

In the event of a takeover or change in control of Nanosonics Limited, any unvested Performance Rights will vest on a pro-rata basis based on the most current financial reports available at the time a change of control occurs, unless otherwise determined by the Board. The pro-rata period will be calculated from the grant date to the Change of Control date.

Performance Rights that vest following a change of control will not generally be subject to restrictions on dealings.

Termination of employment

If Dr Weinberger ceases employment, for any reason other than as a result of a change of control, before the vesting conditions are tested, unless the Board determines otherwise, the Performance Rights will automatically lapse.

Other Information

- It is intended that if approved, the Performance Rights shall be issued to Dr Weinberger within 60 days of this meeting.

- The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.

- There is no loan scheme in relation to the Performance Rights or the Plan.

- Dr Weinberger is prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.

- Details of the Performance Rights granted to Dr Weinberger will be provided in the Remuneration Report for the years ended 30 June 2014, 2015 and 2016.

Director's recommendation:
The Board, other than Dr Weinberger, consider the grant of Performance Rights to Dr Weinberger to be appropriate in all circumstances and unanimously recommend that shareholders vote in favour of the **2013 LTIS** grant of Performance Rights to the President Technology Development / Commercialisation, Dr Ron Weinberger.

Twelfth Resolution - Approve the Chief Executive Officer and President termination payment

Background and reasons for Resolution 12
Under section 200B of the Corporations Act 2001 (Cth), a corporation can only give a person who holds a "managerial or executive office" (as defined in the Corporations Act 2001 (Cth)) a "benefit" (as defined in the Corporations Act 2001 (Cth)) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Corporations Act 2001 (Cth)), if it is approved by shareholders or one of the limited exemptions apply.

In 2009, the Corporations Act 2001 (Cth) was amended in particular to:

- reduce the maximum termination amount without shareholder approval to the average annual base salary over the last three years;
- increase the time period to which the Corporations Act 2001 (Cth) applied to the last three years before retirement; and
- define "benefit" to include early vesting.

The Corporations Act 2001 (Cth) defines "retirement" broadly to include loss of office, resignation and death.

Reasons for shareholder approval
The Company is seeking Shareholder approval, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), to any "termination benefits" that the Company proposes to provide to Mr Michael Kavanagh under the Nanosonics Employee Share Option Plan and under his Employment Agreement dated 28 August 2013.

Value of the termination benefits - Employment Agreement
The termination benefits that may be given under the Employment Agreement include permitted dealings with Options and/or Performance Rights issued to Mr Kavanagh, following the termination by the Company of Mr Kavanagh's employment by written notice (which carries a 9 month notice period applies for "without cause" termination, all of which may be payable in lieu).

The value of the termination benefits that the Board may give under the Employment Agreement is equivalent to up to 9 months of Mr Kavanagh's then current salary if the Company elects to make a payment in lieu of the required 9 month notice period following termination, plus any accrued leave entitlements.

Value of the termination benefits – Nanosonics Employee Share Option Plan ("ESOP")
The value of the termination benefits that the Board may give under the ESOP cannot be determined in advance. This is because various matters will or are likely to affect that value. Specifically, the value of the particular benefit will depend on factors such as the Share price at the time of vesting, the number of Options and or Performance Rights that the Board decides to vest, the exercise price (if any) and Mr Kavanagh's length of service.

The termination benefits that may be given under the ESOP includes the early vesting of Options or Performance Rights in certain circumstances of retirement from office. For example, if Mr Kavanagh ceases to be employed by the Company due to redundancy, retirement, permanent incapacity, death or another reason with the approval of the Board, he may be deemed a "good leaver" in accordance with the Employee Share Option Plan Rules ("ESOP Plan Rules"). Where Mr Kavanagh becomes a "good leaver," all unvested Options or Performance Rights will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Options or Performance Rights to vest

If Mr Kavanagh becomes a "good leaver" in accordance with the ESOP Plan Rules and the Board determines to allow Mr Kavanagh to exercise some of his unvested Options and/or Performance Rights, the Board intends to take into account all relevant factors, including:

- Mr Kavanagh's duration of service; and
- Mr Kavanagh's and the Company's performance, including by reference to the performance conditions described in the Explanatory Statement to the Notice of Annual General Meeting approving any grants under the Plan,

in determining the number of Mr Kavanagh's unvested Options and/or Performance Rights which will become available for exercise.

Therefore, the specific value of the termination benefits which may become payable under the ESOP will depend on factors such as the Share price at the time of vesting, exercise costs (if any), Mr Kavanagh's length of service and Mr Kavanagh's and the Company's performance.

Director's recommendation:
The Board, other than Mr Kavanagh, unanimously recommends that Shareholders vote in favour of the approval of the termination payment to the CEO and President, Mr Michael Kavanagh, on the basis set out.

Thirteenth Resolution - Approve the Chief Financial Officer termination payment

Background and reasons for Resolution 13
Under section 200B of the Corporations Act 2001 (Cth), a corporation can only give a person who holds a "managerial or executive office" (as defined in the Corporations Act 2001 (Cth)) a "benefit" (as defined in the Corporations Act 2001 (Cth)) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Corporations Act 2001 (Cth)), if it is approved by shareholders or one of the limited exemptions apply.

In 2009, the Corporations Act 2001 (Cth) was amended in particular to:

- reduce the maximum termination amount without shareholder approval to the average annual base salary over the last three years;

- increase the time period to which the Corporations Act 2001 (Cth) applied to the last three years before retirement; and
- define “benefit” to include early vesting.

The Corporations Act 2001 (Cth) defines “retirement” broadly to include loss of office, resignation and death.

Reasons for shareholder approval
The Company is seeking Shareholder approval, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), to any “termination benefits” that the Company proposes to provide to Mr McGregor Grant under the Nanosonics Employee Share Option Plan and under his Employment Agreement dated 4 April, 2011.

Value of the termination benefits - Employment Agreement
The termination benefits that may be given under the Employment Agreement include permitted dealings with Options and/or Performance Rights issued to Mr Grant, following the termination by the Company of Mr Grant’s employment by written notice (which carries a 4 month notice period applies for “without cause” termination, all of which may be payable in lieu).

The value of the termination benefits that the Board may give under the Employment Agreement is equivalent to up to 4 months of Mr Grant’s then current salary if the Company elects to make a payment in lieu of the required 4 month notice period following termination, plus any accrued leave entitlements.

Value of the termination benefits – Nanosonics Employee Share Option Plan (“ESOP”)
The value of the termination benefits that the Board may give under the ESOP cannot be determined in advance. This is because various matters will or are likely to affect that value. Specifically, the value of the particular benefit will depend on factors such as the Share price at the time of vesting, the number of Options and or Performance Rights that the Board decides to vest, the exercise price (if any) and Mr Grant’s length of service.

The termination benefits that may be given under the ESOP includes the early vesting of Options or Performance Rights in certain circumstances of retirement from office. For example, if Mr Grant ceases to be employed by the Company due to redundancy, retirement, permanent incapacity, death or another reason with the approval of the Board, he may be deemed a “good leaver” in accordance with the Employee Share Option Plan Rules (“ESOP Plan Rules”). Where Mr Grant becomes a “good leaver,” all unvested Options or Performance Rights will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Options or Performance Rights to vest

If Mr Grant becomes a “good leaver” in accordance with the ESOP Plan Rules and the Board determines to allow Mr Grant to exercise some of his unvested Options and/or Performance Rights, the Board intends to take into account all relevant factors, including:
- Mr Grant’s duration of service; and
- Mr Grant’s and the Company’s performance, including by reference to the performance conditions described in the Explanatory Statement to the Notice of Annual General Meeting approving any grants under the Plan,

in determining the number of Mr Grant’s unvested Options and/or Performance Rights which will become available for exercise.

Therefore, the specific value of the termination benefits which may become payable under the ESOP will depend on factors such as the Share price at the time of vesting, exercise costs (if any), Mr Grant's length of service and Mr Grants's and the Company's performance.

Director's recommendation:
The Board unanimously recommends that Shareholders vote in favour of the approval of the termination payment to the Chief Financial Officer, Mr McGregor Grant, on the basis set out.

Fourteenth Resolution - Approve the Chief Operations Officer termination payment

Background and reasons for Resolution 14
Under section 200B of the Corporations Act 2001 (Cth), a corporation can only give a person who holds a "managerial or executive office" (as defined in the Corporations Act 2001 (Cth)) a "benefit" (as defined in the Corporations Act 2001 (Cth)) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Corporations Act 2001 (Cth)), if it is approved by shareholders or one of the limited exemptions apply.

In 2009, the Corporations Act 2001 (Cth) was amended in particular to:

- reduce the maximum termination amount without shareholder approval to the average annual base salary over the last three years;
- increase the time period to which the Corporations Act 2001 (Cth) applied to the last three years before retirement; and
- define "benefit" to include early vesting.

The Corporations Act 2001 (Cth) defines "retirement" broadly to include loss of office, resignation and death.

Reasons for shareholder approval
The Company is seeking Shareholder approval, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), to any "termination benefits" that the Company proposes to provide to Mr Gerard Putt under the Nanosonics Employee Share Option Plan and under his Employment Agreement dated 17 March, 2011.

Value of the termination benefits - Employment Agreement
The termination benefits that may be given under the Employment Agreement include permitted dealings with Options and/or Performance Rights issued to Mr Putt, following the termination by the Company of Mr Putt's employment by written notice (which carries a 3 month notice period applies for "without cause" termination, all of which may be payable in lieu).

The value of the termination benefits that the Board may give under the Employment Agreement is equivalent to up to 12 months of Mr Putt's then current salary if the Company elects to make a payment in lieu of the required 12 month notice period following termination, plus any accrued leave entitlements.

Value of the termination benefits – Nanosonics Employee Share Option Plan ("ESOP")
The value of the termination benefits that the Board may give under the ESOP cannot be determined in advance. This is because various matters will or are likely to affect that value. Specifically, the value of the particular benefit will depend on factors such as the Share price at the time of vesting, the number of Options and or Performance Rights that the Board decides to vest, the exercise price (if any) and Mr Putt's length of service.

The termination benefits that may be given under the ESOP includes the early vesting of Options or Performance Rights in certain circumstances of retirement from office. For example, if Mr Putt ceases to be employed by the Company due to redundancy, retirement, permanent incapacity, death or another reason with the approval of the Board, he may be deemed a "good leaver" in accordance with the Employee Share Option Plan Rules ("ESOP Plan Rules"). Where Mr Putt becomes a "good leaver," all unvested Options or Performance Rights will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Options or Performance Rights to vest

If Mr Putt becomes a "good leaver" in accordance with the ESOP Plan Rules and the Board determines to allow Mr Putt to exercise some of his unvested Options and/or Performance Rights, the Board intends to take into account all relevant factors, including:

- Mr Putt's duration of service; and
- Mr Putt's and the Company's performance, including by reference to the performance conditions described in the Explanatory Statement to the Notice of Annual General Meeting approving any grants under the Plan,

in determining the number of Mr Putt's unvested Options and/or Performance Rights which will become available for exercise.

Therefore, the specific value of the termination benefits which may become payable under the ESOP will depend on factors such as the Share price at the time of vesting, exercise costs (if any), Mr Putt's length of service and Mr Putt's and the Company's performance.

Director's recommendation:
The Board unanimously recommends that Shareholders vote in favour of the approval of the termination payment to the Chief Operations Officer, Mr Gerard Putt, on the basis set out.

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nanosonics Limited

ABN 11 095 076 896

⊢ 000001 000 NAN

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

Lodge your vote:

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(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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Proxy Form

Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

☑ **Cast your proxy vote**

☑ **Access the annual report**

☑ **Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

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

For your vote to be effective it must be received by 11.00am (AEDT) Wednesday 6 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

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

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nanosonics Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________________

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nanosonics Limited to be held at at Level 3, Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney, NSW on Friday, 8 November 2013 at 11.00am (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3 - 14 (except where I/we have indicated a different voting intention below) even though Items 3 - 14 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Items 4 - 14, this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4 - 14 by marking the appropriate box in step 2 below.

Important for Items 4 - 14: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Items 4 - 14** below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on **Items 4 - 14** , the Chairman of the Meeting will not cast your votes on **Items 4 - 14** and your votes will not be counted in computing the required majority if a poll is called on t**hese items**. The Chairman of the Meeting intends to vote undirected proxies in favour of **Items 4 - 14** of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of **Items 4 - 14** and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

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

ORDINARY BUSINESS

		For	Against	Abstain
1	Election of Director- Mr Maurie Stang	☐	☐	☐
2	Election of Director- Dr Ron Weinberger	☐	☐	☐
3	Remuneration Report	☐	☐	☐

SPECIAL BUSINESS

		For	Against	Abstain
4	Nanosonics Employee Share Option Plan	☐	☐	☐
5	Nanosonics General Share Option Plan	☐	☐	☐
6	Nanosonics Deferred Employee Share Plan	☐	☐	☐
7	Nanosonics Exempt Employee Share Plan	☐	☐	☐
8	Issue of Performance Rights to Mr Michael Kavanagh, under the STIS	☐	☐	☐
9	Issue of Performance Rights to Dr Ron Weinberger, under the STIS	☐	☐	☐
10	Issue of Performance Rights to Mr Michael Kavanagh, under the 2013 LTIS	☐	☐	☐
11	Issue of Performance Rights to Dr Ron Weinberger, under the 2013 LTIS	☐	☐	☐
12	Approval of Chief Executive Officer and President termination payment	☐	☐	☐
13	Approval of Chief Financial Officer termination payment	☐	☐	☐
14	Approval of Chief Operations Officer termination payment	☐	☐	☐

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ Contact Daytime Telephone ____________________ Date ___ / ___ / ___

NAN 156205A

Computershare

QUESTIONS FROM SHAREHOLDERS

Your questions are important to us.

Please see the Investor Relations page, specifically designed for our shareholders' information and questions, on the Nanosonics website: www.nanosonics.com.au .

If you have other questions about Nanosonics which you would like the Directors or Auditor to respond to at the Annual General Meeting (AGM), please send them to us in one of the following ways:

- use the "Contact Us" form provided on our website
- send an email to info@nanosonics.com.au
- use this page and send it to the mail or facsimile address provide below.

Questions received will be collated and we will respond to as many questions as possible at the AGM. Please note that we will not be able to reply individually.

Shareholders name :____

Shareholders address :____

____

(SRN) or (HIN) :____

Questions:

To assist in a considered response to questions at the AGM, your questions should be received by the Company at its registered office by Friday 1 November 2013.

By Email: info@nanosonics.com.au
By Facsimile: +61 2 9317 5010
By Mail: Unit 24, 566 Gardeners Road, Alexandria NSW 2015