



Proteomics International

LABORATORIES LTD

ABN 78 169 979 971

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Thursday, 22 November 2018

Time of Meeting

9:30 am (AWST)

Place of Meeting

Conference Room (Ground Floor)
Harry Perkins Institute
QEII Medical Centre QQ Block
6 Verdun Street, Nedlands, WA, 6009

ANNUAL REPORT

The 2018 Annual Report is available from the Company website via the following link:
<https://www.proteomics.com.au/investors/reports-main-page/2018-annual-financial-reports/>

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Proteomics International Laboratories Ltd (**Company** or **PILL**) is to be held on Thursday, 22 November 2018, at the Conference Room (Ground Floor), Harry Perkins Institute, QEII Medical Centre QQ Block, 6 Verdun Street, Nedlands, WA, 6009, commencing at 9:30 am (AWST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this Meeting.

BUSINESS

Financial Statements and Other Reports – Year Ended 30 June 2018 (no resolution required)

To receive and consider the Company's Financial Report for the year ended 30 June 2018, together with the declaration of Directors, the Remuneration Report, and the reports of the Directors and of the Auditor for the year ended 30 June 2018.

Resolution 1 – Non-Binding Resolution to Adopt Remuneration Report

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2018.”

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

Voting Prohibition Statement:

The Company will disregard any votes cast (in any capacity) on Resolution 1 by, or on behalf of, any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party (such as close family members and any controlled companies) of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Terry Sweet

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

“That Mr Sweet, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution, and for all other purposes, and being eligible and offering himself for re-election, be re-elected as a director of the Company.”

Resolution 3 – Election of Director – Mr Paul House

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

“That Mr Paul House, being a director of the Company who, having been appointed on 22 November 2017, retires in accordance with Clause 13.4 of the Company's Constitution, ASX Listing Rule 14.4 and being eligible and offering himself for election, be elected as a director of the Company.”

Resolution 4 – Renewal of Partial Takeover Plebiscite Clause in the Constitution

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by reinstating clause 35 for a period of 3 years from the date of approval of this Resolution.”

Resolution 5 – Ratification of Prior Issue of Shares to CPR Pharma Services Pty Ltd

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

“That, for purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 3,868,305 Shares to CPR Pharma Services Pty Ltd to on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who participated in the issue or any associates of those persons (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a 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 the person who is entitled to vote, in accordance with a direction on the Proxy form to vote as the proxy decides.

Resolution 6 – Ratification of Prior Issue of Options to Canary Capital Pty Ltd

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

“That, for purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 500,000 unquoted Consultant Options to Canary Capital Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who participated in the issue or any associates of those persons (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a 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 the person who is entitled to vote, in accordance with a direction on the Proxy form to vote as the proxy decides.

Resolution 7 – Adoption of Director Fee Plan

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), section 195(4) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Director Fee Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 8 – Approval of Issue of Shares to Mr Paul House under the Director Fee Plan

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given, subject to Resolution 7 receiving Shareholder approval, for the Company to issue up to 315,833 Shares in lieu of remuneration to Mr Paul House (or his nominee) pursuant to the Director Fee Plan on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 8 by any Director (or their nominee) and any

of their associates, who is eligible to participate in the Director Fee Plan, and any associates of those persons (**Resolution 8 Excluded Party**). However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 9 – Approval of Issue of Director A and B Options to Mr Terry Sweet

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

“That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E and section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 200,000 Director A Options and 200,000 Director B Options with the terms and conditions set out in Schedule 3 to Mr Terry Sweet (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Terry Sweet (or his nominee) or any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 10 – Approval of Issue of Director A and B Options to Mr Ian Roger Moore

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

“That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E and section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 100,000 Director A Options and 100,000 Director B Options with the terms and conditions set out in Schedule 3 to Mr Ian Roger Moore (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Ian Roger Moore (or his nominee) or any of their associates (**Resolution 10 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 10 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 11 – Approval of Issue of Director A and B Options to Mr Paul House

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

“That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E and section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 100,000 Director A Options and 100,000 Director B Options with the terms and conditions set out in Schedule 3 to Mr Paul House (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Paul House (or his nominee) or any of their associates (**Resolution 11 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 11 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

EXPLANATORY MEMORANDUM

The Explanatory Memorandum is incorporated in and comprises part of this Notice. Shareholders are referred to the Definitions in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

PROXIES

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (e.g. “the Company Secretary”).
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member’s voting rights. If no such proportion is specified, each proxy may exercise half of the member’s votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company’s members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. Completed Proxy Forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned before 9:30 am (AWST) on Tuesday, 20 November 2018.

VOTING ENTITLEMENTS

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

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



Proteomics International

LABORATORIES LTD

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register at 5:00 pm (AWST) on Tuesday, 20 November 2018 will be entitled to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with an original (or certified copy) certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. The appointment must comply with section 250D of the Corporations Act 2001.

ATTORNEYS

If an attorney is to attend the Meeting on behalf of a Shareholder, a properly executed original (or originally certified copy) of an appropriate power of attorney must be received by the Company by the deadline for the receipt of Proxy Forms, being no later than 9:30 am (AWST) on Tuesday, 20 November 2018. Previously lodged powers of attorney will be disregarded by the Company.

DATED THIS 23RD OF OCTOBER 2018

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Karen Logan', is written over a faint, circular stamp or watermark.

Karen Logan

Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Proteomics International Laboratories Ltd (**Company or PILL**).

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Financial Statements and Report

Under the Corporations Act, the Directors of the Company must table the Financial Report, the Directors' Report and the Auditor's Report for PILL for the year ended 30 June 2018 (**2018 Annual Report**) at the Meeting. These reports, together with the declaration of Directors, are set out in the 2018 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2018 Annual Report with this Notice of Annual General Meeting.

In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2018 Annual Report is available from the Company's website (<https://www.proteomics.com.au/wp-content/uploads/Proteomics-Annual-Report-2018.pdf>).

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the 2018 Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

There is no requirement for Shareholders to approve the 2018 Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the 2018 Annual Report, which is available online;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the Auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Auditor about:

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit of the Annual Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

1. Resolution 1 – Adoption of Remuneration Report

1.1 General

Under the Corporations Act, the Company is required to include, in the Directors' Report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of directors and executives of PILL and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

Under section 250R(2) of the Corporations Act, the Remuneration Report is required to be submitted for adoption by a resolution of Shareholders at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

1.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

1.4 Proxy Voting Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Voting directions given	No voting directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ²
Chair ³	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
3. Refers to the Chair (where he/she is also a member of the Key Management Personnel) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

1.5 Voting Intention

The Chair of the Meeting intends to vote all available proxies in favour of the Resolution.

2. Resolution 2 – Re-election of Director – Mr Terry Sweet

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

Clause 13.2 of the Constitution requires that at the annual general meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring director is eligible for re-election.

In determining the number of Directors to retire, no account is to be taken of:

- (a) a Director who only holds office until the next annual general meeting pursuant to Clause 13.4 of the Constitution; and/or
- (b) a Managing Director.

Accordingly, 1 Director must retire.

Mr Sweet, who has served as a director since 9 June 2014, and was last re-elected on 17 November 2016, retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Sweet has been a Director of several listed companies over the past 30 years in both executive and non-executive capacities. These companies include XRF Scientific Ltd, where he was managing director for 4 years, Western Biotechnology Ltd, Heartlink Ltd, and Scientific Services Ltd. Originally trained as a chemist, his interests and expertise now lie in the area of development and supervision of a culture of Board integrity, commensurate with technology commercialisation. Mr Sweet is a Fellow of the Australia Institute of Company Directors and has been involved with the Company for 4 years.

The Board has considered Mr Sweet's independence and considers that he is an independent Director.

2.1 Board recommendation

The Board (other than Mr Sweet) supports the re-election of Mr Sweet and recommends Shareholders vote in favour of the Resolution.

2.2 Voting Intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

3. Resolution 3 – Election of Director – Mr Paul House

ASX Listing Rule 14.4 provides that, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr House was appointed as a non-executive director by the Board on 22 November 2017. He retires in accordance with the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for election.

Mr House previously served as the managing director of SGS India, where he was responsible for a workforce of approximately 4,500 personnel across 65 locations in India, including 38 laboratories. SGS is the world's leading Testing, Inspection and Certification (TIC) company, and operates a network of offices and laboratories in more than 140 countries. Mr House has previously held chief financial officer and chief operating officer roles and was senior manager for several years at a leading global management consultancy firm. Mr House has a track record for delivery of business performance targets, revenue growth, margin improvement, market share and productivity, across multiple services, markets and borders.

The Company has undertaken the appropriate searches from government authorities and no exceptions were noted. The Board has prepared a skills matrix which is included in the Company's Corporate Governance Statement and considers that Mr House possesses the required broad based skills to help drive the Company's performance.

The Board has considered Mr House's independence and considers that he is an independent Director.

3.1 Board recommendation

The Board (other than Mr House) supports the election of Mr House and recommends Shareholders vote in favour of the Resolution.

3.2 Voting Intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

4. Resolution 4 – Renewal of Partial Takeover Plebiscite Clause in the Constitution

4.1 General

Section 648G(1) of the Corporations Act provides that a company's proportional takeover approval provisions, unless sooner omitted from its constitution, cease to apply at the end of 3 years from adoption or renewal as appropriate unless otherwise specified.

When the provisions cease to apply a company's constitution is modified by omitting the provisions.

The Company's Constitution (including the proportional takeover provisions set out in clause 35) was adopted on 15 July 2014. Accordingly, the proportional takeover provisions included in the Constitution have expired.

Resolution 4 is a special resolution which will enable the Company to modify its Constitution by reinstating clause 35 for a period of 3 years from the date of Shareholder approval. It is noted that Shareholder approval will not result in a change to the wording of clause 35.

The Company is permitted to seek further Shareholder approval to renew this clause for further periods of up to 3 years on each occasion.

A copy of the Constitution was released to ASX on 14 April 2015 and is available for download from the Company's ASX announcements platform.

4.2 Proportional takeover provisions (clause 35 of Constitution)

4.2.1 General

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

The proportional takeover provisions set out in clause 35 of the Constitution provides that a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause will cease to have effect on the third anniversary of the date of the adoption of the last renewal of the clause.

4.2.2 Information required by section 648G of the Corporations Act

Effect of proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed or the deadline for obtaining such approval has passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Advantages and disadvantages of proportional takeover provisions during the period in which they have been in effect

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they have been in effect.

The advantages and disadvantages of the proportional takeover provisions for Shareholders include those set out immediately below, which were applicable during the period in which they have been in effect.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
 - (i) lost opportunity to sell a portion of their Shares at a premium; and
 - (ii) the likelihood of a proportional takeover bid succeeding may be reduced.

4.3 Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinstating the proportional takeover provisions and as a result consider that the reinstatement of the proportional takeover provision set out in clause 35 of the Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 4.

5. Resolution 5 – Ratification of Prior Issue of Shares to CPR Pharma Services Pty Ltd

5.1 General

On 2 February 2018, the Company entered into a memorandum of understanding with CPR Pharma Services Pty Ltd (**CPR Pharma**) to target the fast-growing area of clinical trials and provide further commercial opportunities for the Company's Promarker™ technology.

In consideration for 10% of the fully diluted share capital of CPR Pharma, the Company issued 3,868,305 Shares with deemed issue price of \$0.3045 per share on 5 March 2018. The Shares are subject to voluntary escrow for a period of 12 months from the date of issue.

Resolution 5 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of a total of 3,868,305 Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1. By ratifying this issue, the Company retains the flexibility to issue equity securities in the future up to 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 3,868,305 Shares were issued;
- (b) the Shares were issued at a deemed price of \$0.3045 per share, for the acquisition of a 10% interest in CPR Pharma;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and subject to voluntary escrow for a period of 12 months from the date of issue;
- (d) the Shares were issued to shareholders of CPR Pharma Services Pty Ltd, who are not related parties of the Company;
- (e) the issue was made in order to acquire 10% of the fully diluted issued share capital of CPR Pharma, as such no funds were raised from this issue; and
- (f) a voting exclusion statement has been included for the Resolution.

5.3 Board Recommendation

The Directors recommend that Shareholders vote in favour of the Resolution.

5.4 Voting Intention

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

6. Resolution 6 – Ratification of Prior Issue of Options to Canary Capital Pty Ltd

6.1 General

On 1 June 2017, the Company entered into an agreement with Canary Capital Pty Ltd (**Consultant**), for the provision of investor marketing services. Pursuant to the agreement, the Company was obliged to issue a second tranche of 500,000 unquoted options to the Consultant, exercisable at \$0.35 per option on or before a date that is 2 years from the date of issue, once the share price achieves a 5-day VWAP of \$0.25 or higher (**Tranche 2 Consultant Options**). The Tranche 2 Consultant Options were issued 8 March 2018 under the Company's 15% placement capacity.

Resolution 6 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of a total of 500,000 Consultant Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

6.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 500,000 Tranche 2 Consultant Options were issued;
- (b) the Tranche 2 Consultant Options were issued in consideration for the provision of investor marketing services. Accordingly, no funds were raised;
- (c) the Tranche 2 Consultant Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Consultant Options were issued to Canary Capital Pty Ltd, who is not a related party of the Company; and
- (e) a voting exclusion statement has been included for the Resolution.

6.3 Board Recommendation

The Directors recommend that Shareholders vote in favour of the Resolution.

6.4 Voting Intention

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

7. Resolution 7 – Adoption of Director Fee Plan

Resolution 7 seeks Shareholders approval for the adoption of the employee incentive scheme titled "Director Fee Plan" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rules 7.1 is set out in section 5.1 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Shares have previously been issued under the Plan. However, should Resolutions 7 and 8 receive Shareholder approval, the Company will issue up to 315,833 Shares in lieu of remuneration to Mr Paul House as set out in section 8 below.

The objective of the Plan is to provide Directors with an opportunity to subscribe for Shares in lieu of Directors' fees, allowing the Company to retain cash reserves .

Any future issues of Shares under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 8 for the issue of Shares to certain Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Karen Logan). Shareholders are invited to contact the Company if they have any queries or concerns.

8. Resolution 8 – Approval of Issue of Shares to Mr Paul House under the Director Fee Plan

8.1 General

The Company has agreed, subject to obtaining shareholder approval under both Resolutions 7 and 8, to issue up to 315,833 Shares in lieu of remuneration to Mr Paul House (or his nominee) under the Director Fee Plan (**Plan**).

The issue of Shares to Directors (or their respective nominees) in lieu of accrued cash payments for remuneration under the terms of the Plan will allow the Company to maintain its cash reserves to the extent a Director elects to participate in the Plan. No funds will be raised as a result of the issue of the Shares.

A summary of the terms of the Plan is set out in Schedule 2.

The following information is provided to assist Shareholders in assessing Resolution 8.

8.2 Chapter 2E

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision (set out in sections 210 to 216); or
- (b) prior shareholder approval is obtained to the giving of the financial benefit (in accordance with sections 217 to 227), and the benefit is given within 15 months of such shareholder approval.

The issue of Shares constitutes giving a financial benefit and Mr Paul House is a related party of the Company by virtue of being a Director.

The Directors of the Company (excluding Mr House as he has a material personal interest in Resolution 8) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the issue of Shares the subject of Resolution 8 was reached as part of the remuneration package for Mr House, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

8.3 Listing Rules 10.14 and 10.15

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

An exception to Listing Rule 10.11 is set out in Listing Rule 10.12 (exception 4) which provides that Listing Rule 10.11 does not apply to issues made with the approval of Shareholders under Listing Rule 10.14.

Listing Rule 10.14 provides that an entity must not permit directors or their associates or a person whose relationship with the entity is such that approval should be obtained to acquire securities under an employee incentive scheme without the approval of shareholders.

The Plan constitutes an employee incentive scheme within the Listing Rules and includes allowing a Director to elect to be paid some or all of the cash remuneration accrued to them through the issue of Shares to that Director (or a nominee).

In order to comply with Listing Rule 10.14, the notice convening the meeting at which approval will be sought must comply with either Listing Rule 10.15 or 10.15A.

Approval pursuant to Listing Rule 7.1 is not required in order to issue Shares to Mr House (or his nominee) under Resolution 8 as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of Shares to Mr House (or his nominee) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

8.4 Information required under Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Shares to Mr House (or his nominee) under the Plan.

- (a) the maximum number of Shares to be issued, being 315,833 Shares, is calculated by reference to the fees owing and annual fees to be paid by the Company to Mr House, being \$63,166.67, by the lowest closing price of Shares as traded on ASX during the 60 Trading Days to 18 September 2018, being \$0.20.

Shareholders should be aware that the actual number of Shares to be issued to Mr House (or his nominee) may vary, based on the prevailing Share price at the time the number of Shares to be issued is calculated, and the percentage of remuneration Mr House (or his nominee) elects to convert.

Where the maximum number of Shares approved to be issued under Resolution 8 is insufficient to convert 100% of the fees owing to Mr House, the balance will either be paid in cash or further Shareholder approval will be required to convert the remaining amount into Shares.

Under the Plan, the Company agrees to issue Shares to Directors in lieu of the amount of cash remuneration accrued to that Director and to which the Director has agreed to sacrifice. Directors may participate in the Plan for some or all of their remuneration. An election may be made after at least three (3) months' worth of fees have accrued.

The actual number of Shares that will be issued under Resolution 8 will be based on the portion of relevant Director's remuneration that is sacrificed (up to 100%) and a deemed issue price equal to the volume weighted average market price of Shares as traded on ASX for the relevant calendar month or months.

- (b) The Shares will be issued for nil cash consideration. The deemed issue price of Shares will be the average monthly volume weighted average market price of Shares as traded on ASX for the calendar month the Director fees being converted relate.
- (c) The Plan is the subject of Shareholder approval under Resolution 7.
- (d) The issue of Shares pursuant to the Plan has not previously been approved.
- (e) The Shares will be issued to Mr House no later than 12 months after the date of the Meeting and it is anticipated the Shares will be issued on one date.
- (f) The Shares issued will be fully paid ordinary shares in the capital of the Company.
- (g) All Directors (currently being Dr Richard Lipscombe, Mr Terry Sweet, Dr John Dunlop, Mr Roger Moore and Mr Paul House) are eligible to participate in the Plan. As at the date of this notice, no other person referred to in Listing Rule 10.14 is entitled to participate in the Plan. In the event any such persons become entitled to participate in the Plan, issues to them will require prior Shareholder approval.
- (h) A voting exclusion statement is set out beneath Resolution 8.
- (i) There are no loans provided to the participants in relation to the acquisition of Shares under the Plan.

The Shares will be issued to the Director under the Plan within 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

8.5 Proxy Voting Restrictions

Please see section 1.4 of this Explanatory Memorandum for the proxy voting restrictions that apply to this Resolution.

9. Resolution 9, 10 and 11 – Approval of Issue of Director A and B Options to Directors

9.1 General

Resolutions 9, 10 and 11 seek Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of a total of 800,000 director options (consisting of 400,000 Director A Options and 400,000 Director B Options) (**Director Options**) to certain of the Directors as follows:

Director	Number of Director A Options	Number of Director B Options	Total Number of Director Options
Mr Terry Sweet	200,000	200,000	400,000
Mr Ian Roger Moore	100,000	100,000	200,000
Mr Paul House	100,000	100,000	200,000
Total	400,000	400,000	800,000

The Board acknowledges that the grant of Director Options to Directors may be contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Director Options to Directors is reasonable in the circumstances given the Company's size and stage of development, and that the incentives represented by the issue of the Director Options are a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash compensation. It is also not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed.

Currently, the Company's Non-Executive Directors each receive Directors' total fees of \$36,000 per annum (increased from \$30,000 per annum with effect from 1 July 2018). The remuneration that the Non-Executive Directors receive for performing their duties as Directors is below the average remuneration levels for directors of companies with similar size to the Company's. The grant of the Director Options is a cash free, effective and efficient way to provide Directors with an appropriate and market level of Directors' remuneration.

An alternative to the issue of the Director Options would be to increase the Directors' cash remuneration. However, given the current stage of development of the Company, and the necessity for cash resources to be preserved and directed into the growth of the Company's business, the Board considers the issue of the Director Options to be an appropriate cash-free method of remunerating the Directors for their commitment and contribution to the Company.

It should be noted that the Director Options only deliver economic value to Directors if the market price of Shares increases above the relevant exercise price, and only if the Director pays the necessary funds to the Company to convert the Director Options into Shares. In respect of the Director A Options, the Directors may benefit only once the market price of Share has increased 50% above the volume-weighted average market price of the Shares for the twenty (20) Trading Days immediately prior to the issue of Director A Options. For the Director B Options, the Directors' can benefit once the market price of Shares has increased 100% above the volume-weighted average market price of the Shares for the twenty (20) Trading Days immediately prior to the issue of Director B Options. Based on the trading history immediately prior to 19 September 2018, the exercise price of Director A Options would be \$0.38 and for Director B Options would be \$0.50. Refer to section 9.3 (I) for information on the amounts the Director Options may raise if exercised by the Directors.

The respective exercise prices of the Director Options have been set to align the Directors' interests with all interests of the Company's Shareholders such that rewards are only obtained if the market price of the Shares increases. Resolutions 9, 10 and 11 are ordinary resolutions.

9.2 Reason approval required

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 800,000 Director Options to Messrs Sweet, Moore and House (**Related Parties**) on the terms and conditions set out below.

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

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

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

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Sweet, Moore and House are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are related parties of the Company.

It is the view of the Directors that the exceptions under Chapter 2E of the Corporations Act and Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is required for the issue of Director Options to Directors (or their nominees).

9.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of Director Options:

- (a) A total of 800,000 Director Options will be issued to the Directors (or their nominees) as follows:

Director	Number of Director A Options	Number of Director B Options	Total Number of Director Options
Mr Terry Sweet	200,000	200,000	400,000
Mr Ian Roger Moore	100,000	100,000	200,000
Mr Paul House	100,000	100,000	200,000
	400,000	400,000	800,000

- (b) The maximum number of securities to be issued is 800,000 Director Options.
- (c) The Company will issue the Director Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow, and it is anticipated that the issue will occur on one date.
- (d) Each of the Director A and Director B Options will have an issue price of nil, accordingly no funds will be raised. Each of the Director Options entitles the holder to subscribe for one Share at an exercise price which will be:
- (i) for each Director A Option, a 50% premium to the volume-weighted average market price for Shares for the twenty (20) Trading Days immediately prior to the issue of Director A Options and will expire 3 years from the date of issue; and
- (ii) for each Director B Option, a 100% premium to the volume-weighted average market price for Shares for the twenty (20) Trading Days immediately prior to the issue of Director B Options and will expire 4 years from the date of issue.

Refer to Schedule 3 for the entire terms and conditions of the Director Options. The Shares issued on exercise of the Director Options will rank equally with the Company's existing Shares then on issue.

- (e) The Directors have that interests in Resolutions 9, 10 and 11 believe that it is inappropriate to make a recommendation in relation to their relevant resolution. However, the Directors provide the recommendations set out in section 9.4 of the Explanatory Memorandum.
- (f) The Black Scholes Pricing Model has been used to value the Director Options, with the following assumptions:
- (i) the risk-free rates of interests of 2.09% for Director A Options and 2.18% for Director B Options are the Australian Government 3 year bond rate and the average of the 3 and 5 year bond rates, respectively;
- (ii) the underlying security spot price of \$0.275 used for the purposes of this valuation is based on the Share price of the Company as at 18 September 2018;
- (iii) the estimated volatility used in the valuation is 80%;
- (iv) for the purposes of the valuation, no future dividend payments have been forecast; and
- (v) for the purposes of the valuation it is assumed that the Director Options will be issued on 19 September 2018.

Based on the above, the total of the fair value of the Director Options at 19 September 2018 is as follows:

Director	Fair Value of Director A Options	Fair Value of Director B Options	Total Fair Value of Director Options
Mr Terry Sweet	\$24,618	\$25,602	\$50,220
Mr Ian Roger Moore	\$12,309	\$12,801	\$25,110
Mr Paul House	\$12,309	\$12,801	\$25,110
	\$49,236	\$51,204	\$100,440



- (g) As at the date of this Notice of Meeting, the Directors have the following interests in securities of the Company:

Director	Shares	Options
Mr Terry Sweet	2,348,000	-
Mr Ian Roger Moore	627,000	-
Mr Paul House	375,000	-

- (h) The remuneration and emoluments from the Company to the Directors proposed for the current financial year on an annualised basis and actual for the previous two completed financial years are as follows:

Director	Proposed in Current Financial Year 2019		2018		2017	
	Salary and Fees \$	Options \$	Salary and Fees \$	Options \$	Salary and Fees \$	Options \$
Mr Terry Sweet	54,000	50,220	50,000	Nil	50,000	Nil
Mr Roger Moore	36,000	25,110	30,000	Nil	19,047	Nil
Mr Paul House ¹	36,000	25,110	18,308	Nil	N/A	N/A

1. Appointed as a director on 22 November 2017.

- (i) If the Director Options granted to the Related Parties are exercised, a total of 800,000 Shares would be issued. This will increase the number of Shares on issue from 80,098,871 to 80,898,871 (assuming that no other Options are exercised and no Shares are issued). If the Shareholders approve the issue of the Director Options to the Directors, the exercise of the Director Options will result in a dilution of all other Shareholders' holdings in the Company of approximately 1.00% (assuming no other Shares are issued and no other Options are exercised) as follows:

Director	Dilutionary effect of Director A Options	Dilutionary effect of Director B Options	Dilutionary effect of Director Options
Mr Terry Sweet	0.250%	0.250%	0.50%
Mr Roger Moore	0.125%	0.125%	0.25%
Mr Paul House	0.125%	0.125%	0.25%
	0.500%	0.500%	1.00%

- (j) The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

- (k) Historical Share price information for the last 12 months is as follows:

	Price	Date
Highest	\$0.344	19 January 2018
Lowest	\$0.017	6 and 19 October 2017, 24 November 2017
Last	\$0.275	18 September 2018

- (l) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised. However, the Director Options will raise funds if they are exercised by the Directors (or their nominees). Assuming an exercise price of \$0.38 for the Director A Options and \$0.50 for the Director B Options (calculated based on the volume-weighted average market price for Shares for the twenty (20) Trading Days immediately prior to 19 September 2018), the Director Options may raise funds if they are exercised by the Directors as follows:

Director	Amount raised if Director A Options are exercised	Amount raised if Director B Options are exercised	Amount raised if All Director Options are exercised
Mr Terry Sweet	\$76,000	\$100,000	\$176,000
Mr Roger Moore	\$38,000	\$50,000	\$88,000
Mr Paul House	\$38,000	\$50,000	\$88,000
	\$152,000	\$200,000	\$352,000

No decision has been made on how funds raised from the exercise of Director Options will be used. The Board will consider the circumstances of the Company at the time the funds are raised.

- (m) The primary purpose of the issue of the Director Options to the Directors (or their respective nominees) is to provide a performance linked incentive component in their respective remuneration packages to motivate and reward their performance in their roles as Directors.
- (n) Other than the information above and otherwise in this Explanatory Memorandum, the Board believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 9, 10 and 11.
- (o) A voting exclusion statement has been included for each Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Messrs Sweet, Moore and House (or their nominees) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to Messrs Sweet, Moore and House (or their nominees) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1

9.4 Board Recommendation

Mr Sweet declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 9 be passed. However, in respect of Resolutions 10 and 11, Mr Sweet recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the grant of Director Options to the Related Parties, will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed;
- (a) Mr Moore declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 9 and 11, Mr Moore recommends that Shareholders vote in favour of those Resolutions for the reasons noted at paragraph 9.4(a)(i) to (iii) above.
 - (b) Mr House declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 11 be passed. However, in respect of Resolutions 9 and 10, Mr House recommends that Shareholders vote in favour of those Resolutions for the reasons noted at paragraph 9.4(a)(i) to (iii) above.
 - (c) With the exception of Messrs Sweet, Moore and House respectively, no other Director has a personal interest in the outcome of Resolutions 9 to 11.

Messrs Lipscombe and Dunlop recommend that Shareholders vote in favour of Resolutions 9 to 11 for the reasons set out in paragraph 9.4(a).

9.5 Proxy Voting Restrictions

Please see section 1.4 of this Explanatory Memorandum for the proxy voting restrictions that apply to Resolutions 9, 10 and 11.

9.6 Voting Intention

The Chairman of the meeting intends to vote all available proxies in favour of Resolutions 9, 10 and 11.

DEFINITIONS

\$ means an Australian dollar.

Annual General Meeting means the annual general meeting the subject of this Notice.

Annual Report has the same meaning as Financial Report.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Auditor means the Company's auditor from time to time, at the date of the Notice, being BDO Audit (WA) Pty Ltd.

Auditor's Report means the auditor's report on the Financial Report.

AWST means Australian Western Standard Time, being the time in Perth.

Board means the board of directors of the Company.

Chair (or Chairperson) means the person appointed to chair the Meeting convened by this Notice.

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

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

Company or **PILL** means Proteomics International Laboratories Ltd (ACN 169 979 971).

Constitution means the Company's constitution.

Consultant Options means those options defined in section 3.1 of the Explanatory Memorandum.

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

Director means a Director of the Company and **Directors** means the directors of the Company.

Director Option means an Option granted pursuant to Resolutions 9 to 11 with the terms and conditions set out in Schedule 3.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Annual General Meeting.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the official listing rules of the ASX.

Meeting means the meeting of Shareholders convened by the Notice of Annual General Meeting.

Notice or **Notice of Meeting** means the notice of annual general meeting accompanying this Explanatory Memorandum.

Option means an option which entitles the holder to subscribe for one Share.

Plan has the meaning given to that term in Resolutions 7 and 8.

Proxy Form means the proxy form attached to the Notice.

Related Party Option means an Option granted pursuant to Resolutions 9 to 11 with the terms and conditions set out in Schedule 3.

Remuneration Report means the remuneration report as contained in the Directors' report section of the Company's annual financial report for the year ended 30 June 2018.

Resolution means a resolution in the Notice.

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

Shareholder means a shareholder of the Company.

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

SCHEDULE 1

Terms and Conditions of Consultant Options

The Consultant Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) The exercise price per Option is \$0.35.
- b) Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) The Options will expire at 5:00pm WST on 8 March 2020 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically lapse on the Expiry Date.
- d) Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.
- e) A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) The Options are not transferrable.
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.25 per Share.
 - (iii) Subject to paragraph (f)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) The Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- g) Application for quotation of the Options on the ASX will not be made.
- h) In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- i) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be such date required under the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- j) There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 2

Key Terms and Conditions of the Director Fee Plan

1. Purpose

The purpose of the Plan is to allow eligible participants to take some or all of their remuneration in equity. This provides an equity incentive for the eligible participant and reduces the cash costs of the Company.

2. Eligible Participants

Eligible participants are Directors or any related entity or nominee of such a person who the offer is able to be renounced in favour of by the Director.

3. Election by Eligible Participants

An Eligible Participant may elect by written notice to the Company to be paid some or all of the remuneration due and owing to them by the Company as fees for services (**Outstanding Remuneration**) by way of an issue of Shares. An election notice may be given in relation to Outstanding Remuneration at any time after at least three (3) months' worth of Outstanding Remuneration has accrued.

4. Issue Price of Plan Share

The deemed issue price of Shares issued under the Plan will be the average monthly volume weighted average market price of Shares as traded on ASX for the calendar month the Director fees being converted relate or such other price as approved by Shareholders.

5. Plan Shares

The Shares issued under the Plan will be fully paid ordinary shares ranking equally with the existing Shares in the capital of the Company.

6. Quotation

The Company shall apply for quotation on ASX of all Shares issued under the Plan as soon as reasonably practicable after the issue of Shares.

SCHEDULE 3

Terms and Conditions of Director Options

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

1. The exercise price means:
 - (a) for each Director A Option, a 50% premium to the volume-weighted average market price for Shares for the twenty (20) trading days immediately prior to the issue of Director A Options.
 - (b) for each Director B Option, a 100% premium to the volume-weighted average market price for Shares for the twenty (20) trading days immediately prior to the issue of Director B Options.
2. Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
3. The Options will expire at 5:00pm AWST on the date that is:
 - (a) for each Director A Option, three years after the date of grant of the Options; and
 - (b) for each Director B Option, four years after the date of grant of the Options (**Expiry Date**).

Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically lapse on the Expiry Date.
4. Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of issue.
5. A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
6. The Options are not transferrable.
7.
 - (a) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (b) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed.
 - (c) the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (d) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (e) The Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (f) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
8. Application for quotation of the Options on the ASX will not be made.
9. In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
10. There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be such date required under the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
11. There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.



Proteomics International
LABORATORIES LTD

P R O X Y F O R M

MR SAM SAMPLE
UNIT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE WA 6060

1. Appointment of Proxy

I/We being a member/s of Proteomics International Laboratories Ltd hereby appoint

the Chair of
the Meeting

OR

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9:30 am (AWST) on Thursday, 22 November 2018 at the Conference Room (Ground Floor), Harry Perkins Institute, QEII Medical Centre QQ Block, 6 Verdun Street, Nedlands, WA, 6009, and at any adjournment thereof.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business in which the Chair is entitled to vote. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Authority for Chair to vote undirected proxies on remuneration-related resolutions: Where I/we appoint the Chair of the Meeting as my/our proxy (or where the Chair of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolutions 1, 7, 8, 9, 10 and 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 7, 8, 9, 10 and 11 are connected directly or indirectly with the remuneration of a member of Key Management Personnel of Proteomics International Laboratories Ltd, which may include the Chair. I/we acknowledge that if the Chair of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Resolutions 1, 7, 8, 9, 10 and 11 the Chair of the Meeting intends to vote my/our proxy in favour of Resolutions 1, 7, 8, 9, 10 and 11.

2. Items of Business

Please mark to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Non-Binding Resolution to Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Mr Terry Sweet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director – Mr Paul House	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Renewal of Partial Takeover Plebiscite Clause in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of Prior Issue of Shares to CPR Pharma Services Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of Prior Issue of Options to Canary Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Adoption of Director Fee Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of Issue of Shares to Mr Paul House under the Director Fee Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of Issue of Director A and B Options to Mr Terry Sweet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Approval of Issue of Director A and B Options to Mr Roger Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Approval of Issue of Director A and B Options to Mr Paul House	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 on a poll and your votes will not be counted in computing the required majority.

If two proxies are being appointed, the proportional voting rights this proxy represents is _____ %

3. Signature of Securityholder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/ Director

Securityholder 2

Director / Company Secretary

Securityholder 3

Sole Director & Sole Company Secretary

Contact Name

Contact Daytime Telephone

Date



Proteomics International
LABORATORIES LTD

HOW TO COMPLETE THE PROXY FORM

1. 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. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If a member appoints two proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded.

A duly appointed proxy need not be a securityholder of the company.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Signing Instructions

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

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 must sign.

Power of Attorney: 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.

Lodgement of a Proxy

To vote by proxy, please complete and sign this Proxy Form and return by:

- (a) Post to Proteomics International Laboratories Ltd, C/- PO Box 356, West Perth, WA 6872; or
- (b) Facsimile to the Company on facsimile number +61 8 9321 0721; or
- (c) Email to the Company at enquiries@proteomicsinternational.com.

This Proxy Form (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting.

Proxy Forms received after this time will be invalid.

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 the Company Secretary.

Completion of a Proxy Form will not prevent individual securityholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.