



Proteomics International

LABORATORIES LTD

ABN 78 169 979 971

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Thursday, 26 November 2020

Time of Meeting

9:30 am (AWST)

Place of Meeting

Harry Perkins Institute
QEI Medical Centre QQ Block
6 Verdun Street, Nedlands, WA, 6009

ANNUAL REPORT

The 2020 Annual Report is available from the Company website via the following link:
<https://www.proteomics.com.au/wp-content/uploads/PIQ-Annual-Report-2020-1.pdf>

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DECIDING HOW TO VOTE ON THE RESOLUTIONS.

If you are in doubt how to deal with this document or how to vote on the Resolutions, please consult your financial or other professional adviser.

Should you have any questions regarding the matters in this document please do not hesitate to contact the Company Secretary via email at enquiries@proteomicsinternational.com

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Proteomics International Laboratories Ltd (**Company** or **PILL**) is to be held on Thursday, 26 November 2020, at the 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 2020 (no resolution required)

To receive and consider the Company's Financial Report for the year ended 30 June 2020, 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 2020.

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 2020."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either 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 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 Paul House

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

"That Mr House, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution, Listing Rule 14.4 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 – Adoption of Employee Incentive Option 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 7.2, exception 13(b), and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled "Proteomics International Laboratories Limited Employee Incentive Option Plan" and for the issue of securities under that Employee Incentive Option Plan 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:

- a person who is eligible to participate in the employee incentive scheme; and
- any associates of that person or those persons,
(**Resolution 3 Excluded Party**).

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

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

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

However provided the Chair is not a Resolution 3 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 4 – Adoption of Performance Rights 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 7.2, exception 13(b), and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Proteomics International Laboratories Limited Performance Rights Plan” and for the issue of securities under that Performance Rights Plan 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:

- a person who is eligible to participate in the employee incentive scheme; and
- any associates of that person or those persons,
(Resolution 4 Excluded Party).

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

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

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

However provided the Chair is not a Resolution 4 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.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

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.

If Shareholders have questions about the Meeting and voting arrangements, please email the Company Secretary at enquiries@proteomicsinternational.com.

VOTING BY PROXY

The Proxy Form provides further details on appointing proxies and lodging proxy votes. Proxy votes (together with any authority under which the Proxy Form was signed or a certified copy of the authority) must be received before 9:30 am (AWST) on Tuesday, 24 November 2020.

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

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

Shareholders and their proxies should be aware that:

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

VOTING ENTITLEMENTS

For the purposes of section 1074E(2) of the Corporations Act 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 4:00 pm (AWST) on Tuesday, 24 November 2020 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.

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, 24 November 2020. Previously lodged powers of attorney will be disregarded by the Company.

QUESTIONS

Shareholders are encouraged to submit questions in respect of the items of business as well as general questions in respect of the Company and its operations in advance of the Meeting by email to the Company Secretary at enquiries@proteomicsinternational.com.



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**DATED THIS 27TH OF OCTOBER 2020
BY ORDER OF THE BOARD**

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 2020 (**2020 Annual Report**) at the Meeting. These reports, together with the declaration of Directors, are set out in the 2020 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2020 Annual Report with this Notice of Annual General Meeting.

In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2020 Annual Report is available from the Company's website (<https://www.proteomics.com.au/wp-content/uploads/PIQ-Annual-Report-2020-1.pdf>).

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the 2020 Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2020.

There is no requirement for Shareholders to approve the 2020 Annual Report.

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

- (a) discuss the 2020 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 Voting Intention

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

2. Resolution 3 – Re-election of Director – Mr Paul House

2.1 General

ASX Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Mr House, who has served as a director since 22 November 2017, and was last re-elected on 22 November 2018, retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

2.2 Qualifications and other directorships

Mr House has over 25 years' experience with multi-national corporations and is currently CEO of Imdex (ASX:IMD). He served eight years as the Managing Director of SGS India, where he was responsible for a workforce of 4,500 personnel and 38 laboratories; SGS is the world's leading Testing, Inspection and Certification (TIC) company. Mr House has previously held CFO and COO roles and has a track record for delivery of business performance targets, revenue growth, margin improvement, market share and productivity, across multiple services, markets and borders. Mr House is a Fellow of the Australian Institute of Management and a Graduate Member of Australian Institute of Company Directors.

2.3 Independence

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

2.4 Board Recommendation

The Board has reviewed Mr House's performance since his appointment to the Board and considers that Mr House's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board (other than Mr House) supports the re-election of Mr House and recommends Shareholders vote in favour of the Resolution.

2.5 Voting Intention

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

3. Background to Resolutions 3 and 4

3.1 General

Resolutions 3 and 4 seek Shareholder approval for:

- (a) the adoption of the employee incentive scheme titled "*Proteomics International Laboratories Limited Employee Incentive Option Plan*" (**Employee Incentive Option Plan**) and for the issue of Options under the Employee Incentive Option Plan; and

- (b) the adoption of the employee incentive scheme titled “*Proteomics International Laboratories Limited Performance Rights Plan*” (**Performance Rights Plan**) and for the issue of Performance Rights under the Performance Rights Plan, together, the **Plans**.

The Board recognises the need to adequately incentivise and remunerate staff and effective employee incentive schemes can be used as vehicles for the Company’s long term incentive plan in addition to providing the Board with flexibility to issue other equity incentives offered by the Board from time to time. The Plans are designed to:

- (a) align employee incentives with Shareholders’ interests;
- (b) encourage broad based share ownership by employees at all levels; and
- (c) assist employee attraction and retention.

3.2 ASX Listing Rule 7.1

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

3.3 ASX Listing Rule 7.2

ASX Listing Rule 7.2 (Exception 13(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.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity’s notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolutions 3 and 4 are passed, the Company will be able to issue Options or Performance Rights under the Plans to eligible participants over a period of 3 years from the date of approval without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without prior Shareholder approval in any 12 month period.

If Resolutions 3 and 4 are not passed, issues of Options or Performance Rights under the Plans may still occur but will be counted as part of the Company’s 15% annual placement capacity (as detailed in Listing Rule 7.1).

Any proposed issues of Options or Performance Rights under the Plans to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director 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. There is no current intention to issue Options or Performance Rights under the Plans to Directors.

4. Resolution 3 – Adoption of Employee Incentive Option Plan

4.1 General

Resolution 3 seeks Shareholder approval in accordance with Exception 13(b) of Listing Rule 7.2 for the Company to issue Options under the Employee Incentive Option Plan.

A summary of ASX Listing Rules 7.1 and 7.2 (Exception 13) is set out in Section 3 above.

It is noted that Shareholder approval will not change the terms of the Plan.

4.2 Specific information required by Listing Rule 7.2

In accordance with Exception 13 of Listing Rule 7.2, the following information is provided:

- (a) a summary of the key terms of the Employee Incentive Option Plan is detailed in Schedule 1;
- (b) as at the date of this Notice, a total of 2,300,000 Options have been issued under the Employee Incentive Option Plan;
- (c) approval was previously sought under Exception 9(b) of Listing Rule 7.2 with respect to the Employee Incentive Option Plan on 28 November 2017;
- (d) up to a maximum of 3,000,000 Options are proposed to be issued under the Employee Incentive Option Plan during the 3-year period following approval by Shareholders; and
- (e) a voting exclusion statement with respect to Resolution 3 is included in the Notice.

4.3 Board Recommendation

The Directors consider that the Employee Incentive Option Plan is an appropriate mechanism to assist the recruitment, reward, retention and motivation of employees of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 3.

4.4 Voting Intention

The Chair of the meeting intends to vote undirected proxies in favour of Resolution 3.

5. Resolution 4 – Adoption of Performance Rights Plan

5.1 General

Resolution 4 seeks Shareholder approval in accordance with Exception 13 of Listing Rule 7.2 for the Company to issue rights under the Performance Rights Plan.

A summary of ASX Listing Rules 7.1 and 7.2 (Exception 13) is set out in Section 3 above.

5.2 Specific information required by Listing Rule 7.2

In accordance with Exception 13 of Listing Rule 7.2, the following information is provided:

- (a) a summary of the key terms of the Performance Rights Plan is detailed in Schedule 2;
- (b) there have been no issue of securities under the Performance Rights Plan as at the date of this Notice as this is the first approval sought under Exception 13 of Listing Rule 7.2 with respect to the Performance Rights Plan;
- (c) up to a maximum of 3,000,000 Performance Rights are proposed to be issued under the Performance Rights Plan during the 3-year period following approval by Shareholders; and
- (d) a voting exclusion statement with respect to Resolution 4 is included in the Notice.

5.3 Board Recommendation

The Directors consider that the Performance Rights Plan is an appropriate mechanism to assist the recruitment, reward, retention and motivation of employees of the Company, and unanimously recommend that Shareholders vote in favour of the Resolution.

5.4 Voting Intention

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

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.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

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.

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

Corporate Advisory Agreement has the meaning given to that term in Section 6.2.

Corporate Advisory Options means an Option with the terms and conditions set out in Schedule 3.

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

Employee Incentive Option Plan has the meaning given to that term in Resolution 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 to acquire a Share.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions.

Performance Rights Plan means the incentive performance rights plan to be adopted by the Company, being the subject of Resolution 4 as summarised in Schedule 2.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report as contained in the Directors' report section of the Company's annual financial report.



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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

Key Terms and Conditions of the Employee Incentive Option Plan

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Company**);
 - (ii) a full or part time employee of the Company;
 - (iii) a casual employee or contractor of the Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,
- who is declared by the Board to be eligible to receive grants of Options under the Plan (**Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Participant (including a Participant who has previously received an offer) to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant, resolve to waive any of the Vesting Conditions applying to Options due to
- (i) the Participant ceasing to be a Participant due to death or total and permanent disability; or
 - (ii) a Change of Control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in the Option;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Option (eg. due to death, total and permanent disability);
 - (iii) in respect of unvested Option only, a Participant ceases to be a Participant, unless the Board exercises its discretion to vest the Right (eg. due to death, total and permanent disability) or allow the unvested Options to remain unvested after the relevant person ceases to be a Participant;
 - (iv) in respect of vested Options only, a relevant person ceases to be a Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be a Participant;



- (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Participant;
 - (vi) the Company undergoes a winding up, and the Board does not exercise its discretion to vest the Option;
 - (vii) the expiry date of the Option; and
 - (viii) the 7-year anniversary of the date of grant of the Option.
- (h) **Not transferrable:** Options are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer below) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.
- (k) **Share Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options.
- (l) **No Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- (m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.

Definitions: Capitalised terms used in the above summary are as defined in the Plan, including:

Change of Control means:

- a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;
- a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

SCHEDULE 2

Key Terms and Conditions of the Performance Rights Plan

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any Associated Body Corporate of the Company (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, at its absolute discretion, make a written offer to any Eligible Participant to apply for Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Vesting conditions:** A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Performance Rights have been granted under the Performance Rights Plan or their nominee where the Performance Rights have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Performance Rights due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
- (**Special Circumstances**), or

- (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of a Performance Right:** A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring;
 - (ii) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Performance Right only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Performance Rights only, a Relevant Person ceases to be an Eligible Participant and the Performance Rights granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right; and
 - (vii) the expiry date of the Performance Rights.
- (h) **Not transferrable:** Subject to the Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, subject to any sale restrictions (refer to paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Performance Rights (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends. The Company will not apply for quotation of any Performance Rights on the ASX.
- (l) **No participation rights:** There are no participation rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (m) **No change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.



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- (o) **Amendments:** Subject to express restrictions set out in the Performance Rights Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Rights granted under the Performance Rights Plan including giving any amendment retrospective effect.