

28 April 2017

Dear Shareholder,

It is my pleasure as the new Chairman of Phosphagenics to invite you to attend our Annual General Meeting (**AGM**) and enclose the Notice of Meeting which sets out the items of business to be considered at the AGM, and, if you have elected to receive a printed copy of the Annual Report, this will also be enclosed.

The meeting will be held on Wednesday, 31 May 2017, commencing at 9:30 am at the Oliphant Auditorium at the National Centre for Synchrotron Science, 800 Blackburn Road, Clayton, Victoria. Instructions on how to get to the AGM are set out in the enclosed Notice of Meeting.

All resolutions to be put to the meeting are discussed in the Explanatory Notes attached to the Notice of Meeting.

Directors' voting recommendations on the resolutions are set out in the Explanatory Notes to the Notice of Meeting.

If you are unable to attend the AGM and wish to record your vote, then you may appoint a proxy to act on your behalf and direct the proxy how you wish to vote. Proxies can be appointed online at our Share Registry at [www.investorvote.com.au](http://www.investorvote.com.au) by 9:30 am on Monday, 29 May 2017. Alternatively, you can complete and return the hard copy of your Proxy Form by post, facsimile or by hand to the Computershare Investor Services Pty Ltd office – refer to the Proxy Form for details.

Shareholders can submit questions for the Company or the Company's external auditor in advance of the AGM by completing and returning the form provided with the Notice of Meeting. Questions should be about an item of business before the meeting, the management of the Company, the conduct of the audit or the preparation or content of the auditor's report.

Our Chief Executive Officer, Dr Ross Murdoch, and I will both speak at the AGM and our speeches will be available on our website soon after its completion. I am committed to encouraging communication between shareholders and the company and aim to meet many of you in person in the lead up to the AGM. I will also be available to catch up with shareholders after the formal AGM proceedings and invite you to join the Board and our senior executives for light refreshments after the meeting.

Although I am not new to Phosphagenics, as the new Chairman I would like to provide you with a brief overview of my background. I have been an independent director on the Phosphagenics' Board since 2015. I have more than 20 years' experience across the Biotechnology Industry including considerable experience with ASX listed Biotechnology companies both in the role of CEO and as a Board member and Chairman. I have experience in pre-clinical and clinical drug development as well as extensive experience in technology commercialisation, strategic planning, deal negotiation and transaction such as licensing, M&A and trade sales. I have managed and executed multiple commercial transactions including the sale of ChemGenex to Cephalon for over \$200M and successfully completed clinical trials and regulatory dossiers submitted to the FDA and EMA. Prior to this I was a Professor in academia producing over 150 peer reviewed articles and 33 patents. In 2010 I was awarded the Roche Award of Excellence for contribution to the biotechnology industry.

I look forward to your attendance at the meeting and please free to contact me if you have any questions.

Yours sincerely,



Dr Greg Collier  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the 2017 Annual General Meeting of the Shareholders of Phosphagenics Limited (ABN 32 056 482 403) (**Company**) will be held at the Oliphant Auditorium at the National Centre for Synchrotron Science, 800 Blackburn Road, Clayton, Victoria, on Wednesday, 31 May 2017, commencing at 9:30am (Melbourne time).

## Items of Business

### 1 **Annual Report**

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the year ended 31 December 2016.

### 2 **Re-election of Dr Geert Cauwenbergh**

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

“That Dr Geert Cauwenbergh, who retires by rotation in accordance with Clause 58 of the Company’s Constitution and, being eligible offers himself for re-election as a Director of the Company.”

### 3 **Adoption of the Remuneration Report**

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

“That the Company’s Remuneration Report for the year ended 31 December 2016 as set out in the Annual Report be adopted.”

*A voting exclusion applies to this Item 3, as set out in the Explanatory Notes.*

### 4 **Approval of Phosphagenics Employee Equity Incentive Plan**

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

“That for the purposes of Exception 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval be given for the issue of Options under the Phosphagenics Employee Equity Incentive Plan (Plan) and the issue of Shares on vesting of those Options in accordance with rules of the Plan as described in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 4, as set out in the Explanatory Notes.*

### 5 **Approval of Issue of Options to Dr Ross Murdoch**

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

“That for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 15,000,000 Options to Dr Ross Murdoch under the Phosphagenics Employee Equity Incentive Plan on the terms set out in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 5, as set out in the Explanatory Notes.*

### 6 **Approval of Issue of Options to Dr Greg Collier**

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

“That for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 2,250,000 Options to Dr Greg Collier under the Phosphagenics Employee Equity Incentive Plan on the terms set out in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 6, as set out in the Explanatory Notes.*

### 7 **Approval of Issue of Options to Mr Peter Lankau**

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

“That for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 1,500,000 Options to Mr Peter Lankau under the Phosphagenics Employee Equity Incentive Plan on the terms set out in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 7, as set out in the Explanatory Notes.*

**8 Approval of Issue of Options to Dr Geert Cauwenbergh**

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

“That for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 1,500,000 Options to Dr Geert Cauwenbergh under the Phosphagenics Employee Equity Incentive Plan on the terms set out in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 8, as set out in the Explanatory Notes.*

**9 Approval of Issue of Options to Mr David Segal**

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

“That for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 1,500,000 Options to Mr David Segal under the Phosphagenics Employee Equity Incentive Plan on the terms set out in the Explanatory Notes that form part of this Notice of Meeting.”

*A voting exclusion applies to this Item 9, as set out in the Explanatory Notes.*

**10 Ratification of previous issue of Options under the Phosphagenics Employee Equity Incentive Plan**

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 33,948,150 Options (at nil issue price) on 6 October 2016 to members of the Company’s Key Management Personnel and eligible employees under the Phosphagenics Employee Equity Incentive Plan on the terms and conditions set out in the Explanatory Notes that form part of this Notice of Meeting.” *A voting exclusion applies to this Item 10, as set out in the Explanatory Notes.*

An explanation of the proposed resolutions is set out in the enclosed Explanatory Notes. The enclosed Information for Shareholders and Explanatory Notes form part of this Notice of Meeting.

By order of the Board of Directors



Anna Legg  
Company Secretary  
28 April 2017

# Information for Shareholders

## 1 Voting entitlement

The Board has determined that, for the purposes of determining a person's entitlement to attend and vote at the meeting, a person will be recognised as a member of the Company and the holder of shares if that person is registered as a holder of those shares at 7:00pm (Melbourne time) on 29 May 2017.

## 2 Important voting information

Shareholders can vote at the meeting by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in accordance with the instructions set out in section 3 below.

Each resolution to be considered at the meeting will be moved, and then will be opened to the meeting for discussion.

Following the completion of discussion the Chairman will inform the meeting of the details of the valid proxy voting received by the Company. The resolutions will then be put to the vote.

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each share held by the member.

A Shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the meeting. An attorney may, but need not, be a member of the Company. An attorney may not vote at the meeting unless the original instrument appointing the attorney, or a certified copy of the instrument appointing the attorney, are received by the Company in the same manner, and by the same time as outlined for Proxy Forms in section 3 below.

## 3 Proxies

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company.

If a Shareholder is entitled to attend and cast two or more votes, they may appoint not more than two proxies and may specify the percentage or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may appoint half of the Shareholder's votes. Neither proxy is entitled to vote on a show of hands if more than one proxy attends the meeting on behalf of a Shareholder.

Shareholders wishing to direct their proxy on how to vote on a particular resolution should mark the appropriate box on the Proxy Form.

The Proxy Form should be returned to the share registry of the Company, Computershare Investor Services Pty Ltd, located at 452 Johnston Street, Abbotsford, Vic 3067, Australia or by post using the enclosed reply envelope to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Vic, 3001, Australia or by facsimile to Computershare within Australia 1800 783 447 OR outside Australia + 61 3 9473 2555 and must be received by no later than 9:30 a.m. (Melbourne time) on Monday 29 May 2017.

Shareholders may lodge proxies electronically via:  
[www.investorvote.com.au](http://www.investorvote.com.au) using the details printed on the personalised proxy form.

For Intermediary Online Subscribers only (custodians):  
[www.intermediaryonline.com](http://www.intermediaryonline.com)

For enquiries call: within Australia 1300 850 505 or outside Australia + 61 3 9415 4000.

#### **4 Chairman as proxy**

If you appoint the Chairman as your proxy (or the Chairman becomes your proxy by default) and you do not direct your proxy how to vote on a resolution, you will be expressly authorising the Chairman to vote as he sees fit on the relevant resolution. This includes the resolutions in Items 3, 4, 5, 6, 7, 8, 9 and 10 even though these items are connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in **favour** of each resolution.

If you do not want the Chairman of the meeting to vote, as your proxy, in favour of each resolution, you need to direct your proxy on how to vote on (or to abstain from voting on) the relevant resolution by marking the appropriate box on the Proxy Form.

#### **5 Other Key Management Personnel (KMP) as proxy**

If you appoint a Director of the Company (other than the Chairman of the meeting) or another member of the KMP (or a Closely Related Party of any such Director or member of KMP) as your proxy, you should direct them how to vote on the resolutions in Items 3, 4, 5, 6, 7, 8, 9 and 10 by marking the appropriate box on the Proxy Form. If you do not do so, your proxy will not be able to vote on your behalf on the resolutions in Items 3, 4, 5, 6, 7, 8, 9 and 10.

#### **6 Corporate representatives**

A corporation which is a Shareholder, or which has been appointed a Proxy, may appoint an individual to act as a representative to vote at the AGM. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the AGM evidence of his or her appointment executed in accordance with the constitution of the corporation and section 127 of the Corporations Act. A template of a "Certificate of Appointment of Corporate Representative" may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

#### **7 Shareholder questions**

A reasonable opportunity will be given to Shareholders and proxyholders to ask questions about or make comments on the management of the Company at the meeting, and the conduct of the audit and preparation and content of the auditors' report.

Shareholders are invited to submit written questions relating to the management of the Company ahead of the meeting by completing and returning the form provided with the Notice of Meeting.

Shareholders may also submit questions to the Company's external auditor, PricewaterhouseCoopers, via the Company on the content of the Auditor's Report or the conduct of its audit of the Company's Financial Report for the year ended 31 December 2016. Such questions must be received no later than 5:00pm (Melbourne time) on Wednesday, 24 May 2017.

## Explanatory Notes

These Explanatory Notes have been prepared to help Shareholders understand the business to be put to Shareholders at the AGM on Wednesday, 31 May 2017. These Explanatory Notes should be read with, and form part of, the accompanying Notice of Meeting.

### Item 1: Financial Report and Reports of the Directors and Auditor

In accordance with the Corporations Act, the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2016 will be put before the AGM. These Reports are in the Company's Annual Report and can be accessed on our website at [www.phosphagenics.com/investors/financial-information](http://www.phosphagenics.com/investors/financial-information). A printed copy of the Annual Report has been sent only to those Shareholders who have elected to receive a printed copy. To receive a printed copy of the Annual Report (free of charge), please contact the Company's share registry.

This item does not require a formal resolution and, accordingly, no vote will be held on this item.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company during discussions on this item.

The Company's external auditor will be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions on the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company for the preparation of the financial statements and the independence of the auditor. Shareholders may also submit written questions to the auditor, which should be received by the Company no later than 5:00pm (Melbourne time) on Wednesday, 24 May 2017.

### Item 2: Re-election of Dr Geert Cauwenbergh

Dr Geert Cauwenbergh is retiring from the Board by rotation at this meeting in accordance with the Constitution and is offering himself for re-election.

The Board undertakes an annual review of its Directors' performance and practices. The Board considers the results of this review in determining its endorsement of the Directors standing for re-election at the AGM.

Dr Cauwenbergh has been an independent non-executive Director of the Company since February 2014. Dr Cauwenbergh is Chairman of the Nomination Committee and a member of the Remuneration and Audit and Risk Committees.

Dr Cauwenbergh is very experienced in the life sciences sector having worked for Janssen Research Foundation, Johnson & Johnson and Barrier Therapeutics before joining RXi Pharmaceuticals (NASDAQ) as its President and CEO. Dr Cauwenbergh is also a director of Moberg Pharma AB (Sweden).

#### Other current Australian listed company directorships:

None

#### Former Australian listed company directorships in last 3 years:

None

#### Independence:

The Board considers Dr Cauwenbergh to be independent.

**Following its peer review, the Board supports the re-election of Dr Cauwenbergh to the Board and (other than Dr Cauwenbergh) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

### Item 3: Adoption of the Remuneration Report

The Remuneration Report for the Company for the year ended 31 December 2016 is included on pages 21 to 27 of the Company's 2016 Annual Report.

The Remuneration Report outlines the Company's principles for determining Key Management Personnel remuneration, the linkages between remuneration and the Company's performance and provides remuneration details for each Director and other Key Management Personnel.

The Company's remuneration strategy aims to attract and retain the highest calibre of employee whilst promoting and rewarding workplace culture and contributions to company performance. The framework balances employee reward with achievement of strategic objectives and the creation of value for shareholders.

The Company's remuneration strategy for non-executive Directors is to remunerate them appropriately for their time and expertise.

Under the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company. However, the Board and its Remuneration Committee will take the outcome of this vote into account when considering future remuneration policy for non-executive Directors and executive key management personnel.

If more than 25% of the votes cast on this resolution are against its approval (constituting a **first strike**), then:

- a. the Company's Remuneration Report for the year ended 31 December 2017 (**2017 Remuneration Report**) will be required to include an explanation of the Board's proposed action in response to the first strike or, if no action is proposed, the Board's reasons for this; and
- b. if, at the 2018 Annual General Meeting (seeking approval for the 2017 Remuneration Report), at least 25% of the votes cast on the resolution for adoption of the 2017 Remuneration Report are against it, the Company will be required to put to Shareholders a resolution proposing that an extraordinary general meeting be called to consider the election of Directors (**Spill Resolution**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a meeting (**Spill Meeting**) within 90 days of the 2018 Annual General Meeting. All of the Directors who were in office when the 2017 Remuneration Report was considered, other than a Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

#### **Voting exclusion statement:**

In accordance with the Corporations Act, a vote on this resolution must not be cast (in any capacity) by or on behalf of:

- i. A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report for the year ended 31 December 2016 (**2016 Remuneration Report**); or
- ii. A Closely Related Party of such Key Management Personnel.

However, a member of Key Management Personnel or his or her Closely Related Party may cast a vote on this resolution in Item 3 if:

- i. That person does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution or the proxy is the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - a. does not specify the way the proxy is to vote on this resolution; and
  - b. expressly authorises the Chairman to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- ii. The vote is not cast on behalf of a member of Key Management Personnel or his or her Closely Related Party.

Further, a member of the Key Management Personnel or any Closely Related Party of any such member of the Key Management Personnel who is appointed as a proxy will not vote on the resolution in Item 3 unless:

- i. the appointment specifies the way the proxy is to vote on the resolution in Item 3; or
- ii. the proxy is the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman of the meeting as your proxy for Item 3 and you do not direct your proxy how to vote on Item 3, you will be expressly authorising the Chairman of the meeting to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel which includes the Chairman.

**The Board unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

#### **Item 4: Approval of Phosphagenics Employee Equity Incentive Plan**

After a comprehensive review of the employee long-term incentives and policy in 2016 the Board implemented a revised employee incentive scheme, the Phosphagenics Employee Equity Incentive Plan (**Plan**), under which present and future eligible employees and Directors (**Participants**) may be granted Options or Performance Rights to acquire Shares at a strike price determined by the Directors. This Plan replaces the Employee Conditional Rights Scheme under which Participants were previously granted Conditional Rights subject to vesting on the satisfaction of certain performance criteria.

The purpose of the Plan is to assist in the reward, retention and motivation of Participants, encourage participation of Participants in the growth and success of the Company through equity ownership, align the interests of Participants more closely with Shareholders, provide Participants with the opportunity to share in any future growth in value and provide greater incentive for employees to focus on the Company's longer term goals.

All present employees, including executive and non-executive Directors are eligible to participate in the Plan.

#### **Why is Shareholder approval being sought?**

Under ASX Listing Rule 7.1, a listed company must not, without the approval of its Shareholders, issue more than 15% of its equity securities in any 12 month period.

Exception 9(b) in ASX Listing Rule 7.2 provides that an issue of equity securities under an employee incentive plan (which would include the issue of the Options under the Plan) will be treated as an exception to ASX Listing Rule 7.1 if, within 3 years before the date of the grant of the equity securities, the shareholders of the listed company have approved the issue of the equity securities pursuant to the relevant employee incentive plan as an exception to ASX Listing Rule 7.1. It is for the purpose of enabling the Company to exclude the issue of the Options under the Plan from the 15% limit in any 12 month period under ASX Listing Rule 7.1 that the resolution in Item 4 is proposed. In the Board's opinion, if the resolution in Item 4 is approved this will assist the Company in managing its capital requirements efficiently by ensuring that the 15% limit is not diminished by issues under the Plan and capacity is available for capital management initiatives and acquisitions, if necessary and appropriate.

Subject to there being no material amendments to the terms of the Plan, Shareholder approval of the resolution in this Item 4 will be effective for 3 years from the date of the resolution. In the absence of such an approval, future issues of Options or Performance Rights under the Plan may still be made, but must be counted towards the Company's capacity to issue equity securities under ASX Listing Rule 7.1 at the time of issue.

The Plan has not previously been approved by Shareholders for the purposes of Exception 9(b) in ASX Listing Rule 7.2.



Details of the key terms of the Plan are provided in the table below.

<b>Administration</b>	The Plan is administered by the Board.
<b>Eligibility</b>	Eligibility to participate in the Plan and the number of Options or Performance Rights offered to each eligible employee will be determined by the Board.
<b>Grants</b>	Under the rules of the Plan, Options and/or Performance Rights may be offered by way of an invitation and granted to eligible employees of the Company and its subsidiaries from time to time, at the absolute discretion of the Board.
<b>Entitlement</b>	Unless otherwise determined by the Board and specified in an invitation, each Option or Performance Right entitles the holder, on the exercise of the Option or Performance Right, to receive one Share by way of issue or transfer (at the discretion of the Board). An invitation may confer on the Board a discretion to make a cash payment to a participant in lieu of the issue or transfer Share on the exercise of the Option or Performance Right.
<b>Terms and Conditions</b>	The Board may determine the grant, exercise and vesting conditions for each invitation of Options and/or Performance Rights. Unless the Board otherwise determines, the Options or Performance Rights will be granted for nil consideration. The exercise price (if any) payable on the exercise of an Option or Performance Right or the manner of determining the exercise price (if any) of an Option or Performance Rights will be specified in the invitation.
<b>Vesting Conditions</b>	Options or Performance Rights will vest and become exercisable if and to the extent that any applicable vesting conditions specified in the invitation are satisfied and the Options or Performance Rights have not lapsed.
<b>Vesting and Exercise</b>	Following satisfaction (or waiver) of any vesting conditions, Options or Performance Rights will vest and participants must exercise their vested Options or Performance Rights and pay the exercise price (if any) to receive Shares or, if such a discretion is conferred on the Board, a cash payment in lieu of a Share.
<b>Rights attaching to Options and Performance Rights</b>	Options and Performance Rights will not carry any voting or dividend rights. Shares issued or transferred to participants on the exercise of an Option or Performance Right will rank equally with all existing Shares on issue, and carry the same rights and entitlements as other issued Shares, including voting and dividend rights.
<b>Reconstruction</b>	The Plan provides for adjustments to be made to the number of Shares which a participant would be entitled to receive on the exercise of Options or Performance Rights in the event of any reorganisation (including consolidation, sub-division, reduction, issue of bonus shares, buy back or cancellation) of the issued share capital of the Company so that the percentage of the fully diluted share capital of the Company into which an Option or Performance Right is exercisable is the same before and after such reorganisation, provided that any such adjustment must be made in accordance with the ASX Listing Rules.
<b>New issues</b>	Options and Performance Rights do not confer on the holder the right to participate in new issues of Shares or other securities in the Company.
<b>Lapse of Options and Performance Rights</b>	Unless otherwise determined by the Board, an Option or Performance Right will lapse and become unable to be exercised on the earliest of: <ul style="list-style-type: none"> <li>• the date that the Board determines that any Vesting Condition applicable to the Option or Performance Right cannot be satisfied;</li> <li>• the date that the Board determines that the Options or Performance Rights should lapse where the participant has acted fraudulently or dishonestly or materially breached their obligations to the Company (see <b>Clawback</b> below);</li> <li>• the expiry date;</li> <li>• in certain circumstances if the participant's employment is terminated (see <b>Cessation of Employment</b> below);</li> <li>• if the participant purports to deal in the Option or Performance Right in breach of any disposal or hedging restrictions in respect of the Option or Performance Right in breach of any hedging restrictions; or</li> <li>• in the event of a change of control (see <b>Change of control</b> below).</li> </ul>

<p><b>Cessation of Employment</b></p>	<p>Where a participant ceases employment, which includes ceasing of appointment as a non-executive director, with the Company, the treatment of their Options and Performance Rights on cessation will depend on the circumstances of cessation.</p> <p>Where the participant ceases employment due to resignation, termination by the Company for cause or other circumstances in which the Board determines the following treatment is warranted:</p> <ul style="list-style-type: none"> <li>• all unvested Options and/or Performance Rights will lapse at cessation of employment; and</li> <li>• all vested Options and/or Performance Rights will lapse: <ul style="list-style-type: none"> <li>○ if the employment ceases at a time when the participant would be entitled to deal in the securities in the Company in accordance with the Company's share trading policy, within 60 days of cessation of employment; or</li> <li>○ if the employment ceases at a time when the participant would be restricted from dealing in the securities in the Company in accordance with the Company's share trading policy, within 60 days of such restrictions ceasing to apply.</li> </ul> </li> </ul> <p>Where a participant ceases employment for any other reason (including in the case of redundancy, total and permanent disablement and death):</p> <ul style="list-style-type: none"> <li>• the participant will be entitled to retain: <ul style="list-style-type: none"> <li>○ all of their vested Options and/or Performance Rights; and</li> <li>○ a pro-rata amount of their unvested Options and/or Performance Rights (based on the proportion of the applicable vesting period that the participant was an employee, and by reference to the number of whole months employed),</li> </ul> with such retained unvested Options and/or Performance Rights to be tested at the end of the relevant vesting period in accordance with the applicable Vesting Conditions; and</li> <li>• all other unvested Options and/or Performance Rights will lapse at cessation of employment.</li> </ul> <p>However, the Board has discretion to apply a different treatment to that outlined above if it deems it appropriate in the circumstances.</p>
<p><b>Clawback</b></p>	<p>If the Board becomes aware that the Participant has acted fraudulently or dishonestly or materially breached their obligations to the Company, there is a material misstatement in the Company's financial statements relating to a Performance Period or some other event has occurred during the Performance Period which, as a result, means that Options or Performance Rights should not have vested, the Board may elect to claw back the benefit of that vesting.</p>
<p><b>Trading Restrictions</b></p>	<p>Participants must not sell, transfer, encumber, hedge or otherwise deal with the Options or Performance Rights.</p> <p>Share allocated to participants following the exercise of Options and Performance Rights are subject to the Company's securities trading policy and applicable laws (such as insider trading provisions) when dealing with Shares.</p>
<p><b>Change of control</b></p>	<p>Where a change of control event occurs, the Board has discretion to determine whether any unvested Options and/or Performance Rights should ultimately vest, lapse or be treated otherwise in its absolute discretion.</p>
<p><b>Plan Limit</b></p>	<p>Where an invitation to participate is made under the Plan in reliance of ASIC Class Order 14/1000, the Board must have reasonable grounds to believe that the number of Shares that may be issued, on the exercise of Options or Performance Rights, will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares on issue or that may be issued as result of an offer made at any time during the previous 3 year period under the Plan (or other employee incentive scheme covered by the Class Order) or another ASIC exempt arrangement.</p> <p>Where an Option or Performance Right lapses without being exercised, the Share which would otherwise have been received on the exercise of the Option or Performance Right is ignored when calculating the Plan limit.</p>

<b>Amendment</b>	<p>The Board may, in its absolute discretion, amend the Plan rules, or waive or modify the application of the Plan rules in relation to a participant, provided that (except in specified circumstances) if such amendment would adversely affect the rights of participants in respect of any awards then held by them, the Board must obtain the consent of:</p> <ul style="list-style-type: none"> <li>• participants holding in aggregate at least 75% by value of the total Options or Performance Rights held by participants affected by the proposed change; and</li> <li>• a majority in number of the participants affected by the proposed change, before making the amendment.</li> </ul>
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**Voting exclusion statement:**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 4 by any Director of the Company, and any of their Associates.

However, the Company need not disregard a vote on Item 4 if the vote is cast by:

- i. a person identified above as proxy for a person who is entitled to vote on Item 4 and the vote is cast in accordance with the directions on the proxy form; or
- ii. the Chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a vote must not be cast on the resolution in Item 4 by any member of the Key Management Personnel or any Closely Related Party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- i. the proxy is the Chairman of the meeting at which Item 4 is voted on; and
- ii. the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman of the meeting as your proxy for Item 4 and you do not direct your proxy how to vote on Item 4, you will be expressly authorising the Chairman of the meeting to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

**The Board unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

### **Item 5: Approval of Issue of Options to Dr Ross Murdoch**

ASX Listing Rule 10.14 provides that Shareholders of an ASX listed company must approve the issue of securities to a Director under an employee incentive scheme.

The Company proposes to grant 15,000,000 Options to the Chief Executive Officer and Managing Director, Dr Murdoch, under the Plan, which constitute securities to be issued to a Director under an employee incentive scheme within the meaning of the ASX Listing Rules. Accordingly, the Board seeks Shareholder approval under this Item 5 for the grant of 15,000,000 Options to Dr Murdoch. A more detailed overview of the Plan is set out at Item 4 above.

At the May 2015 AGM Shareholders approved the grant of 15,000,000 Conditional Rights to Dr Murdoch and vesting milestones outlined in an Employee Conditional Rights Scheme. As of the date of this Notice of Meeting none of these Conditional Rights have vested. The Conditional Rights formed part of Dr Murdoch's term of employment, signed in January 2015, in which it was agreed that Dr Murdoch would be granted the Conditional Rights subject to Shareholder approval.

In 2016 the Board undertook a review of its long-term incentive scheme for all employees, including Dr Murdoch, and concluded that the milestones set in the previous Employee Conditional Rights Scheme, which were the same for employees and Dr Murdoch, could no longer be achieved and therefore did not provide the requisite long-term incentive.

On 12 September 2016 the Board announced it had replaced its long-term incentive plan for all employees with the Plan outlined in Item 4. Under the framework of the Plan, the Board determined that a three-year Conditional Option Scheme would more appropriately align employee performance to the creation of Shareholder wealth. The Board now seeks shareholder approval to issue 15,000,000 Options under the Plan to the CEO, Dr Murdoch, on the same exercise and vesting conditions as those offered to non-executive employees in September 2016. The Board has set the strike price of the Options the subject of the grant at \$0.023 which was 10% above the volume weighted average of Shares traded on the ASX in the 5 trading days (**5 Day VWAP**) immediately prior to the invitation.

In accepting the offer of these Options, and subject to Shareholder approval of the grant, Dr Murdoch agrees to forfeit 15,000,000 Conditional Rights previously granted under the Employee Conditional Rights Scheme. Should Shareholders not approve the resolution in Item 5, the Board believes that Dr Murdoch would not have appropriate long-term incentives to align his objectives with the creation of shareholder wealth or with those of his employees. If this resolution is not approved Dr Murdoch will retain the 15,000,000 Conditional Rights previously granted until they lapse in accordance with the terms of the Employee Conditional Rights Scheme.

The Company has determined that the grant of Options under the Plan pursuant to the resolution in Item 5 as part of Dr Murdoch’s remuneration package will constitute the giving of reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

If Shareholder approval is obtained under ASX Listing Rule 10.14, Shareholder approval is not required under ASX Listing Rule 7.1, and the issue of such Options to Dr Murdoch will not count towards the Company’s capacity to issue equity securities under ASX Listing Rule 7.1.

The proposed terms and conditions attaching to the Options the subject of the resolution in this Item 5, including applicable vesting conditions, are set out below.

**Key terms of the Options grant to Dr Murdoch**

<b>Details of the proposed grant</b>	The proposed grant to Dr Murdoch is for 15,000,000 Options. The grant of Options is conditional upon Dr Murdoch agreeing to forfeit all Conditional Rights held under the Employee Conditional Rights Scheme. Subject to the satisfaction of the Vesting Conditions set out below, each Option entitles Dr Murdoch to acquire one fully paid Share, or a right to receive a cash payment in lieu of a Share at the discretion of the Board.
<b>Price payable on Grant or Exercise</b>	The Exercise Price upon the exercise of an Option will be \$0.023, which was 10% above 5 Day VWAP immediately prior to the invitation date.
<b>Date of Grant</b>	If Shareholder approval is obtained, the Options will be granted to Dr Murdoch as soon as practicable after the Meeting, but in any event within 12 months after the date of the Meeting.
<b>Vesting Conditions</b>	The 15,000,000 Options proposed to be issued to Dr Murdoch will vest in three tranches: <ul style="list-style-type: none"> <li>• one-third of the Options will vest on 11 September 2017 (<b>Tranche 1 Vesting Date</b>), the first business day anniversary of the Invitation Date in 2017, subject to the volume weighted average of the prices of Shares traded on ASX in any 5 trading days (<b>5 Day VWAP</b>) 3-months immediately prior to and extending to 3-months post the Tranche 1 Vesting Date being, greater than 50% above the Invitation VWAP (\$0.021), calculated to be \$0.032;</li> <li>• one-third of the Options will vest on 7 September 2018 (<b>Tranche 2 Vesting Date</b>), the second anniversary of the Invitation Date in 2018, subject to any 5 Day VWAP 3-months immediately prior to and extending to 3-months post the Tranche 2 Vesting Date being greater than 100% above the Invitation VWAP (\$0.021), calculated to be \$0.042;</li> <li>• one-third of the Options will vest on 9 September 2019 (<b>Tranche 3 Vesting Date</b>), the third anniversary of the Invitation Date in 2019, subject to any 5 Day VWAP 3-months immediately prior to and extending to 3-months post the Tranche 3 Vesting Date being greater than 150% above the Invitation VWAP (\$0.021), calculated to be \$0.053.</li> </ul>
<b>Expiry Date</b>	The Expiry Date of the Options is 9 September 2021.
<b>Cessation of Employment</b>	If Dr Murdoch ceases employment with the Company prior to Options vesting, the treatment of Options will depend on the circumstances of cessation, as outlined in Item 4.

<b>Other information required by Listing Rule 10.15</b>	<p>All Directors, or their permitted nominees, are entitled to participate in the Plan, but, at this time, the Company is only seeking to grant Options under the Plan to Dr Murdoch, Mr Peter Lankau, Dr Greg Collier, Dr Geert Cauwenbergh and Mr David Segal.</p> <p>No persons referred to in ASX Listing Rule 10.14 have previously been issued securities under the Plan.</p> <p>No loans will be made available to Dr Murdoch in connection with the acquisition or exercise of the Options proposed to be granted to him if the resolution in Item 5 is approved.</p>
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**Voting exclusion statement:**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 5 by each Director of the Company, and any of their Associates.

However, the Company need not disregard a vote on Item 5 if the vote is cast by:

- i. a person identified above as proxy for a person who is entitled to vote on Item 5 and the vote is cast in accordance with the directions on the proxy form; or
- ii. the Chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a vote must not be cast on the resolution in Item 5 by any member of the Key Management Personnel or any Closely Related Party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- i. the proxy is the Chairman of the meeting at which Item 5 is voted on; and
- ii. the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman of the meeting as your proxy for Item 5 and you do not direct your proxy how to vote on Item 5, you will be expressly authorising the Chairman of the meeting to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

**The Board (other than Dr Murdoch) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

**Items 6,7,8 and 9: Approval of Issue of Options to Non-Executive Directors**

ASX Listing Rule 10.14 provides that Shareholders of an ASX listed company must approve the issue of securities to a Director under an employee incentive scheme.

The Options proposed to be granted to the four Non-Executive Directors, including Dr Greg Collier, Mr Peter Lankau, Dr Geert Cauwenbergh and Mr David Segal, under the Plan constitute securities to be issued to a Director under an employee incentive scheme within the meaning of the ASX Listing Rules. Accordingly, the Board seeks Shareholder approval under the resolution in Items 6,7,8 and 9 for the grant of Options to the four Non-Executive Directors. A more detailed overview of the Plan is set out at Item 4 above.

The Company's remuneration strategy for Non-Executive Directors is to remunerate them appropriately for their time and expertise.

Dr Collier was appointed to the Board in April 2015 and elected to the Board at the AGM in May 2015. Dr Collier was appointed Chairman in April 2017.

Mr Lankau was appointed to the Board in April 2015 and elected to the Board at the AGM in May 2015. Mr Lankau was Chairman from May 2015 until he stepped down in April 2017.

Dr Cauwenbergh was appointed to the Board in February 2014 and elected to the Board at the AGM in May 2014. Dr Cauwenbergh retires by rotation at this AGM and stands for re-election under the resolution in Item 2.

Mr Segal was elected to the Board at the AGM in May 2016.

In order to appropriately remunerate Non-Executive Directors for their time and expertise and to maintain a standard offer of remuneration to all current and potential Non-Executive Directors, the Board believes it is appropriate to incorporate a grant of securities, subject to Shareholder approval, into the total Non-Executive Directors remuneration to recognise the moderate level of base fees offered against the level of fees paid by peer companies within the biotechnology sector or within companies of similar size and market capitalisation listed on the ASX, while maintaining the Company's cash reserves.

In 2016 the Board decided that it was appropriate Non-Executive Directors to be offered Options under the revised Employee Incentive Plan, subject to Shareholder approval, but modified to remove performance criteria in the vesting conditions.

The ASX Corporate Governance Principals and Recommendations (3<sup>rd</sup> Edition) Principal 8 outlines guidelines for non-executive director remuneration which identifies that:

“it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with interests of other security holders. However, non-executive directors should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity”.

In accordance with good governance, the proposed Options to be issued to the four Non-Executive Directors do not include performance criteria as a vesting condition. Subject to Shareholder approval, the Company proposes to grant Dr Greg Collier a higher number of Options than other Non-Executive Directors to reflect his position as Chairman of the Board.

The value of the proposed grant of Options to the Non-Executive Directors, together with the aggregate fees paid to the Non-Executive Directors, will not exceed the maximum aggregate amount of remuneration that the Company is authorised to pay to its Non-Executive Directors.

The Company has determined that the grant of Options under the Plan pursuant to the resolutions in Items 6,7,8 and 9 as part of the Non-Executive Directors' remuneration package will constitute the giving of reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

If Shareholder approval is obtained under ASX Listing Rule 10.14 in respect each of each of Items 6, 7, 8 and 9, Shareholder approval is not required under ASX Listing Rule 7.1, and the issue of such Options to the four Non-Executive Directors will not count towards the Company's capacity to issue equity securities under Listing Rule 7.1.

For the purposes of Listing Rule 10.15, the key terms of these grants are detailed below. This grant is conditional on receiving Shareholder approval.

#### **Key terms of the Options grants to Non-Executive Directors**

<b>Non-executive Director</b>	<b>Number of Options</b>
Dr Greg Collier	2,250,000
Mr Peter Lankau	1,500,000
Dr Cauwenbergh	1,500,000
Mr David Segal	1,500,000

<b>Details of the proposed grant</b>	Subject to the satisfaction of the Vesting Conditions set out below, each Option entitles the Non-Executive Directors to acquire one fully paid Share, or a right to receive a cash payment in lieu of a Share at the discretion of the Board.
<b>Price payable on Grant or Exercise</b>	The Exercise Price payable upon the exercise of an Option will be \$0.023, which was 10% above the volume weighted average of Shares traded on the ASX in the 5 trading days ( <b>5 Day VWAP</b> ) immediately prior to the invitation date.
<b>Date of Grant</b>	If Shareholder approval is obtained, the Options will be granted to the Non-Executive Directors as soon as practicable after the Meeting, but in any event within 12 months after the date of the Meeting.

<b>Vesting Conditions</b>	The Options proposed to be issued to the Non-Executive Directors will vest in tranches as follows: <ul style="list-style-type: none"> <li>• one-third of the Options will vest on 11 September 2017, the first business day anniversary of the Invitation Date in 2017;</li> <li>• one-third of the Options will vest on 10 September 2018, the second business day anniversary of the Invitation Date in 2018;</li> <li>• one-third of the Options will vest on 9 September 2019, the third anniversary of the Invitation Date in 2019.</li> </ul>
<b>Expiry Date</b>	The Expiry Date of the Options is 9 September 2021.
<b>Cessation of engagement</b>	If Dr Greg Collier, Mr Peter Lankau, Dr Geert Cauwenbergh and Mr David Segal cease to hold office as a director of the Company prior to Options vesting, the treatment of Options will depend on the circumstances of cessation, as outlined in Item 4, Cessation of Employment.
<b>Other information required by Listing Rule 10.15</b>	All Directors, or their permitted nominees, are entitled to participate in the Plan, but, at this time, the Company is only seeking to grant Options under the Plan to Dr Greg Collier, Mr Peter Lankau, Dr Geert Cauwenbergh and Mr David Segal.  No persons referred to in ASX Listing Rule 10.14 have previously been issued securities under the Plan.  No loans will be made available in connection with the acquisition or exercise of the Options proposed to be granted to any Non-Executive Director under the Plan if the resolutions in Item 6, 7, 8 or 9 are approved.

**Voting exclusion statement:**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Items 6, 7, 8 and 9 by each Director of the Company, and any of their Associates.

However, the Company need not disregard a vote on Items 6, 7, 8 and 9 if the vote is cast by:

- i. a person identified above as proxy for a person who is entitled to vote on Items 6, 7, 8 and 9 and the votes are cast in accordance with the directions on the proxy form; or
- ii. the Chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a vote must not be cast on the resolution in Items 6, 7, 8 and 9 by any member of the Key Management Personnel or any Closely Related Party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- i. the proxy is the Chairman of the meeting at which Items 6, 7, 8 and 9 are voted on; and
- ii. the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman of the meeting as your proxy for Items 6, 7, 8 and 9 and you do not direct your proxy how to vote on Items 6, 7, 8 and 9, you will be expressly authorising the Chairman of the meeting to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

**For Item 6 the Board (other than Dr Collier) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

**For Item 7 the Board (other than Mr Lankau) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

**For Item 8 the Board (other than Dr Cauwenbergh) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

**For Item 9 the Board (other than Mr Segal) unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

### **Item 10: Ratification of previous issue of Options under the Phosphagenics Employee Equity Incentive Plan**

On 6 October 2016, the Company issued 33,948,150 Options for nil consideration under the Plan (**2016 Options Grant**). Under the 2016 Options Grant, 22,500,000 Options were granted to certain members of the Company's Key Management Personnel and 11,448,150 Options were granted to other eligible employees entitled to participate in the Plan that are not related parties of the Company or members of the KMP.

#### **Why is Shareholder approval being sought?**

ASX Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the Company in a general meeting of the terms and conditions of the proposed issue.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by ASX Listing Rule 7.1. The effect of this ratification is to restore the ability of the Company to issue further equity securities up to 15% of the issued capital of the Company during the next 12 months without requiring Shareholder approval.

Accordingly, the Company seeks approval from the Shareholders of the 2016 Options Grant to those persons listed below for the purposes of ASX Listing Rule 7.4.

In accordance with ASX Listing Rule 7.5, the following information in relation to the Options is provided to Shareholders:

- 22,500,000 Options were issued to the following members of the KMP:

<b>Date</b>	<b>Recipient</b>	<b>Purpose</b>	<b>Options issued</b>
6 October 2016	P Gavin	Equity Incentive Plan	3,750,000 (nil consideration) at an exercise price of A\$0.023 for each Option
6 October 2016	A Legg	Equity Incentive Plan	7,500,000 (nil consideration) at an exercise price of A\$0.023 for each Option
6 October 2016	R Libinaki	Equity Incentive Plan	3,750,000 (nil consideration) at an exercise price of A\$0.023 for each Option
6 October 2016	G Moses	Equity Incentive Plan	3,750,000 (nil consideration) at an exercise price of A\$0.023 for each Option
6 October 2016	A Stojanovic	Equity Incentive Plan	3,750,000 (nil consideration) at an exercise price of A\$0.023 for each Option

- 11,448,150 Options were issued to other eligible employees (who are not related parties of the Company or members of the KMP) that are entitled to participate in the Plan in accordance with the Plan rules;



- the Options issued pursuant to the 2016 Options Grant:
  - were issued for nil consideration;
  - have an exercise price of A\$0.023 per Option, which was 10% above the volume weighted average of Shares traded on the ASX in the 5 trading days (**5 Day VWAP**) immediately prior to the invitation date, and expire on 9 September 2021;
  - do not carry voting rights or rights to dividends; and
  - entitle the holder, on the exercise of an Option, to subscribe for one fully paid ordinary Share in the capital of the Company (or receive a cash payment in lieu of a Share);
- a summary of the key terms of the Plan governing the 2016 Options Grant (including the applicable vesting conditions) is set out in the Explanatory Notes for Item 4 and the terms are otherwise identical to those applicable to the proposed Options to be granted to the Chief Executive Officer and Managing Director, Dr Murdoch, as explained in Item 5; and
- no funds were raised from the Options issued pursuant to the 2016 Options Grant.

**Voting exclusion statement:**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 10 by any person who participated in the issue the subject of the resolution in Item 10 and his or her Associates.

However, the Company need not disregard a vote on Item 10 if the vote is cast by:

- i. a person identified above as proxy for a person who is entitled to vote on Item 10 and the vote is cast in accordance with the directions on the proxy form; or
- ii. the Chairman of the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, in accordance with the Corporations Act, a vote must not be cast on the resolution in Item 10 by any member of the Key Management Personnel or any Closely Related Party of any such member of the Key Management Personnel that is appointed as proxy if the appointment does not specify the way in which the proxy is to vote unless:

- i. the proxy is the Chairman of the Meeting at which Item 10 is voted on; and
- ii. the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

If you appoint the Chairman of the Meeting as your proxy for Item 10 and you do not direct your proxy how to vote on Item 10, you will be expressly authorising the Chairman of the Meeting to exercise your proxy, even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel. The Chairman intends to exercise any such proxies by voting in favour of Item 10.

**The Board unanimously recommends that shareholders vote in favour of this Resolution.**

**The Chairman intends to vote all available proxies in favour of this Resolution.**

## Definitions

**AGM** means the 2017 annual general meeting of the Company convened by the Notice of Meeting.

**Annual Report** means the annual report of the Company for the year ended 31 December 2016.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the ASX Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or a Child Entity of the Company is taken to be an associate of the director or officer unless the contrary is established.

**Board** means the board of Directors of the Company.

**Child Entity** means an entity which is controlled by the Company within the meaning of the Corporations Act or an entity which is a subsidiary of the Company.

**Closely Related Party**, in relation to a member of KMP, means:

- a. a spouse or child of the member; or
- b. a child of the member’s spouse; or
- c. a dependant of the member or of the member’s spouse; or
- d. anyone in the member’s family who may be expected to influence the member, or be influenced by the member, in the member’s dealings with the Company; or
- e. a company which the member controls.

**Company** means Phosphagenics Limited ABN 320 56 482 403.

**Conditional Rights** means rights to acquire shares in the Company granted pursuant to the Employee Conditional Rights Scheme.

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

**Directors** means the directors of the Company from time to time.

**Explanatory Notes** means these Explanatory Notes.

**KMP** or **Key Management Personnel** means the key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. It includes all Directors (executive and non-executive). The KMP during the year ended 31 December 2016 are listed in the Remuneration Report contained in the Directors’ Report for the year ended 31 December 2016.

**Notice of Meeting** means the notice of AGM accompanying this Explanatory Memorandum.

**Options** means options to acquire shares in the Company granted pursuant to the Phosphagenics Employee Incentive Plan.

**Performance Rights** means the rights to acquire shares in the Company granted pursuant to the Phosphagenics Employee Incentive Plan.

**Plan** means the Phosphagenics Employee Equity Incentive Plan.

**Shareholder** means a holder of ordinary shares in the Company.

**Share** means a fully paid ordinary share in the Company.

## How to Get to the AGM

### Location

Oliphant Auditorium  
National Centre for Synchrotron Science (shown as “NCSS Reception” in picture below)  
800 Blackburn Road  
Clayton, Victoria

### Arriving by road

Directions from Melbourne CBD by car:

Take the Monash Freeway (also known as the M1 or CityLink; formerly the South Eastern freeway)

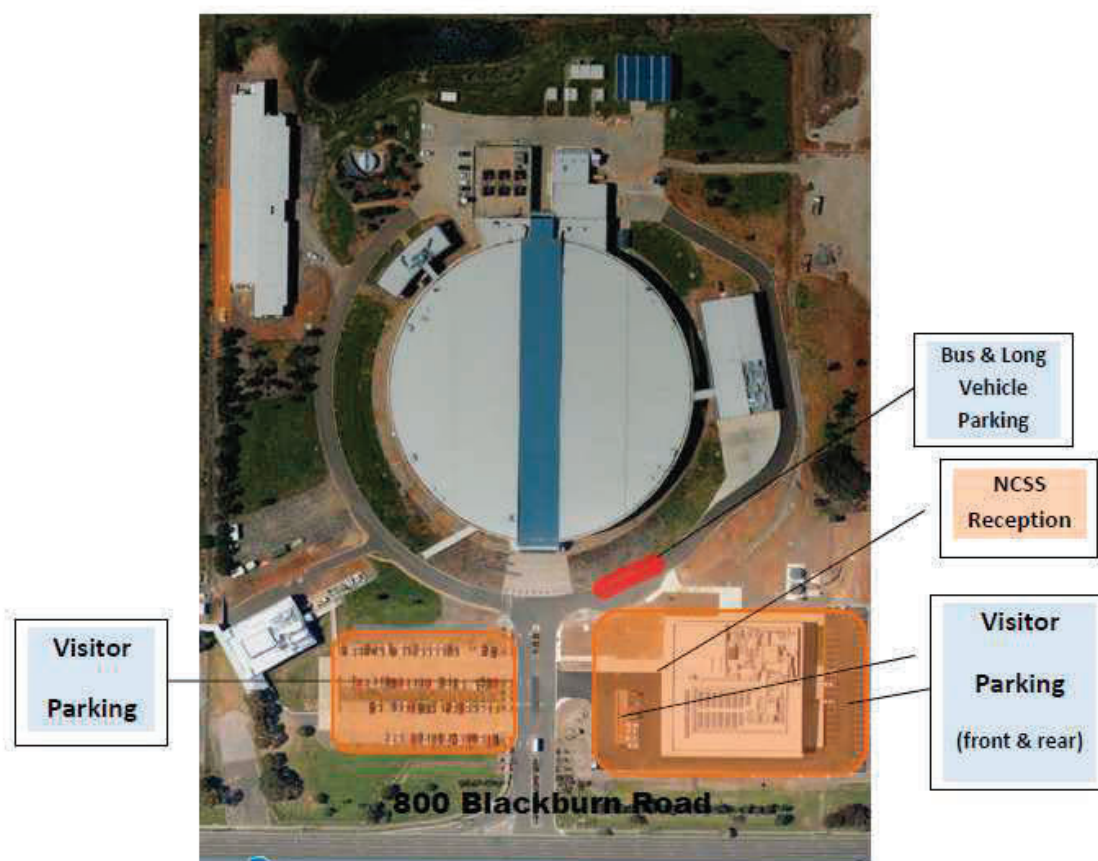
Exit at Blackburn Rd

At Blackburn Rd, turn right.

The Australian Synchrotron is on the left-hand side, opposite Monash University and just before the Wellington Rd intersection.

Parking is available onsite and the boom gates should be open on your arrival. Visitor parking information is shown below:

## Visitor Parking Information



### Traveling by public transport:

The following buses stop at a bus stop on Blackburn Rd near the Australian Synchrotron: 703, 737.

The following buses stop at the Monash University bus loop: 630, 631, 691, 703, 733, 737, 802/804/862. From there, visitors can exit Monash University on the Wellington Rd side (nearest the bus loop), walk down Wellington Rd alongside the University and then cross Blackburn Rd at the traffic intersection to reach the Australian Synchrotron.

The nearest train stations are Huntingdale and Clayton stations which are on the Cranbourne/Pakenham line, and Syndal station which is on the Glen Waverley line. Connecting buses can be caught from any of these train stations.



# Phosphagenics

Phosphagenics Limited  
ABN 32 056 482 403

## Lodge your vote:



### Online:

[www.investorvote.com.au](http://www.investorvote.com.au)



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

### By Hand:

Computershare Investor Services Pty Limited  
452 Johnston Street Abbotsford  
Victoria 3067

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

**For your vote to be effective it must be received by 9:30am (Melbourne time) Monday 29 May 2017**

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

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

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

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

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

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

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

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

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Phosphagenics Limited to be held at the Oliphant Auditorium at the National Centre for Synchrotron Science, 800 Blackburn Road, Clayton, Victoria on Wednesday, 31 May 2017 at 9:30am (Melbourne time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4, 5, 6, 7, 8, 9 & 10 (except where I/we have indicated a different voting intention below) even though Items 3, 4, 5, 6, 7, 8, 9 & 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4, 5, 6, 7, 8, 9 & 10 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Item 2	Re-election of Dr Geert Cauwenbergh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of Phosphagenics Employee Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approval of Issue of Options to Dr Ross Murdoch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Approval of Issue of Options to Dr Greg Collier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Approval of Issue of Options to Mr Peter Lankau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Approval of Issue of Options to Dr Geert Cauwenbergh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Approval of Issue of Options to Mr David Segal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 10	Ratification of previous issue of Options under the Phosphagenics Employee Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_