
ACTINOGEN LIMITED

ACN 086 778 476

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am (WST)

DATE: 29 November 2013

PLACE: 108 Outram Street
WEST PERTH WA 6005

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 89481 3860.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	7
Glossary	31
Schedule 1 –New Option Terms	33
Annexure A – Nomination of Auditor	35
Proxy Form	Attached

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am (WST) on 29 November 2013 at:

108 Outram Street
WEST PERTH WA6005

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Wednesday, 27 November 2013.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
-

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF 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 contained in the Company's annual financial report for the financial year ended 30 June 2013."

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:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) 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.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to all other Resolutions in this Notice being passed, for the purposes of section 254H of the Corporations Act, ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 2 Shares be consolidated into 1 Share; and
- (b) every 2 Options be consolidated into 1 Option,

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction down to the nearest whole Share or Option (as the case may be)."

4. RESOLUTION 3– APPROVAL TO ISSUE SHARES UNDER THE SHARE PLACEMENT

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 150 million Shares on a post-Consolidation basis to sophisticated and professional investors nominated by Forrest Capital and

Otsana Capital and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – APPROVAL TO ISSUE NEW OPTIONS UNDER OPTION PLACEMENT

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

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50 million New Options on a post-Consolidation basis to sophisticated and professional investors nominated by Forrest Capital and Otsana Capital and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – APPROVAL TO PARTICIPATE IN THE SHARE PLACEMENT – MR DANIEL PARASILITI

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

“That, for the purposes of sections 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2 million Shares on a post-Consolidation basis under the Share Placement to Mr Daniel Parasiliti (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Daniel Parasiliti (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6–APPROVAL TO PARTICIPATE IN THE SHARE PLACEMENT – DR BRENDAN DE KAUWE

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

“That, for the purposes of sections 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2 million Shares on a post-Consolidation basis under the Share Placement to Dr Brendan de Kauwe (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr Brendan de Kauwe (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting

as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – APPROVAL TO ISSUE SHARES IN SATISFACTION OF DEBT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10 million Shares on a post-Consolidation basis at a deemed issue price of \$0.01 each in satisfaction of the Outstanding Principal of the Loan Facility Agreement, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – SHARES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 13 million Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 10 – RE-ELECTION OF DIRECTOR – MR DANIEL PARASILITI

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

“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Daniel Parasiliti, a Director who was appointed casually on 23 September 2013, retires, and being eligible, is elected as a Director.”

12. RESOLUTION 11 – RE-ELECTION OF DIRECTOR – DR BRENDAN DE KAUWE

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

“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Brendan de Kauwe, a Director who was appointed casually on 23 September 2013, retires, and being eligible, is elected as a Director.”

13. RESOLUTION 12 – RE-ELECTION OF DIRECTOR – MR DAVID ZOHAR

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

“That, for the purpose of clause 11.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr David Zohar, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

14. RESOLUTION 13 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

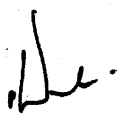
15. RESOLUTION 14 – APPOINTMENT OF ERNST & YOUNG AS AUDITOR

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

“That, pursuant to section 327B of the Corporations Act and for all other purposes, Ernst & Young (Perth) having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting.”

Dated: 22 October 2013

By order of the Board



**Mr Peter Webse
Company Secretary**

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.actinogen.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, 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.

2.3 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.

2.4 Proxy voting restrictions

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

- (a) If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will **not** be voted and will **not** be counted in calculating the required majority if a poll is called on this Resolution.

- (b) If you appoint the Chair as your proxy (where the Chair is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

You do not need to direct your proxy how to vote on this Resolution. However, if you do **not** direct the Chair how to vote, you **must** mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his or her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) If you appoint any other person as your proxy:

You do not need to direct your proxy how to vote on this Resolution, and you do **not** need to mark any further acknowledgement on the Proxy Form.

3. RECAPITALISATION PROPOSAL

3.1 Background

Actinogen's aim is to identify and isolate soil microorganisms, known as actinomycetes, which are capable of producing bioactive compounds (or exhibiting properties in their own right) of commercial value. Actinogen seeks to achieve this aim by sampling Western Australian soils and testing actinomycete isolates identified in those soils. The Company has one of the largest libraries of isolates in Australia and specialises in finding unique properties of these actinomycetes. The microorganisms are metabolically diverse and produce bioactive molecules such as bacterial antibiotics, anti-viral agents, anti-tumour agents, antifungal agents and immunosuppressive agents that are used for humans, animals and in agriculture.

3.2 Actinogen's projects

Plant growth hormone

The Company's forefront project in 2013 is the recent discovery of a growth hormone that is being produced by one of Actinogen's actinomycetes. The actinomycetes are applied as a dried powder directly to the seeds of plants such as broad beans, peas and wheat at planting. Under these conditions, tests run by Actinogen and an independent WA University show that the actinomycetes promote extra growth in the trial plants.

The Company is very encouraged by the recent results, which were announced to the market on 18 June 2013. The trials completed by a WA University showed a mean average increase of growth of 10.9% for pea tops. The trials also showed increased tiller growth (growth shoots) on wheat plants when the Actinogen growth hormone was applied.

The Company intends to consider field trials for the project in 2014, once funding has been secured and it hopes to produce a product which farmers and other plant producers can use on food crops and other plantations.

Salt tolerance project

Actinogen has been approached by third parties expressing interest in the Company's salt tolerant actinomycetes project. Actinogen has been screening actinomycetes from its existing database and testing them to see if they have any ability to survive in salty environments. The aim of this research is to develop a product that will help farmers and other plant producers grow plants and crops in salt affected environments, which is a growing problem worldwide and in particular within Australia. Recent screening shows encouraging results identifying four isolates that can tolerate 10% saline, have the potential to survive in high salt environments and continue to lead to the production of humus to aid in the re-establishment of salt tolerant plants and the rehabilitation of salt affected soils.

The Company has more recently entered into a non-disclosure agreement with a party of interest to further explore the synergies with their existing projects with the potential for commercial collaborations.

Antibiotic research project

The versatility of the Company's actinomycetes library is further highlighted via its antibiotic research project. The library has been screened to identify actinomycetes that produce substances which have an effect against bacteria, including bacteria which have become antibiotic resistant. Antibiotic-resistant bacteria are becoming an increasing global problem, with much research and investment directed to discovering new effective agents and treatment modalities. Actinogen owns a private existing database of over 6000 actinomycetes. The actinomycetes are then tested against the MRSA panel, Candida, VRE, P. aeruginosa and the anaerobic pathogen, Clostridium difficile, to determine whether they have activity against the bacteria. These testing panels consist of clinical isolates of microorganisms that have developed serious antibiotic resistance patterns and can therefore be used to increase the likelihood of finding new antibiotics.

Actinogen employs a series of screening tests which become more stringent. Primary screening is a rapid test to detect the production on solid agar of an isolate producing an antibiotic directed to one or more of the test organisms outlined above. Secondary screening is then carried out on known antibiotic producing isolates, in liquid culture. Tertiary screening is then used to determine the chemical nature of the antibiotic. Once an actinomycete produces a substance that shows resistance to bacteria such as MRSA, Actinogen tries to identify the substance from the public literature and databases. If the substance cannot be matched to an existing substance, it is sent to an independent laboratory to obtain a molecular structure of the substance.

After tertiary screening, 69 isolates have shown activity against the entire MRSA panel, 11 isolates have shown activity against the entire Candida sp. panel and 58 isolates have shown activity against VRE. Each substance with activity against the MRSA panel and Clostridium difficile has the potential to become a new antibiotic, however significant further testing is required in order for this to be established. The Company intends to further explore the potential of these initial results once further funding is secured.

In addition, the Company has other projects utilising its extensive actinomycetes library.

Cancer stem cell research project

Recently, Actinogen acquired Celgenics, which is advanced in the research on cancer stem cells. Current theory suggests that cancer tumours may contain a tiny proportion of cancer stem cells and that they may be resistant to current chemotherapy. Cancer stem

cells may remain after primary chemotherapy and subsequently replicate to give rise to fatal secondary cancer development.

Actinogen plans to utilise its extensive libraries to screen for new agents that may specifically kill or inhibit cancer stem cells that may remain inside the human body and could develop into secondary cancer tumours after chemotherapy has killed the cancer cells. The basic programme screens the supernatants from liquid cultures of the actinomycetes for the presence of bioactive molecules that are either cytotoxic or cytostatic for a series of cell lines derived from various human and animal cancers.

The bioethanol project

On 9 November 2011, the Company announced that it had discovered actinomycete isolates that produce cellulose, a key component in the production of bioethanol. The most effective actinomycete isolate discovered by Actinogen, being ACN 4205, has been deposited at the National Measurement Institute in Melbourne under the Budapest Treaty.

The bioethanol project is in the middle of a proposed development strategy, which is temporarily on hold due to lack of funds. The Company performed further work on the bioethanol project in 2012 and 2013 by investigating the use of a range of yeasts in the fermentation process to convert the cellulose end products to bioethanol. The next phase of the commercialisation strategy is to build a pilot plant, however the Directors have elected to put the pilot plant on hold until further funding is raised and the results demonstrate that sufficient sugars are being produced by Actinogen's cellulose to commercially produce bioethanol.

Shikimic acid project

In July 2012, Actinogen discovered that it could produce shikimic acid from certain actinomycetes. This shikimic acid has been produced on a molecular level only, and not yet on a scale sufficient to commercialise the project. Shikimic acid is the main (and one of the most expensive) components used to produce the influenza medication, Tamiflu. Actinogen's method for the production of shikimic acid is different from and potentially cheaper than, the current processes of producing shikimic acid currently be utilised by the primary manufacturers such as Roche.

Biofumigation project

In early 2012, Actinogen found actinomycetes that synthesise volatile bioactive molecules (polyenes) which may inhibit and/or kill pathogenic fungi. Actinogen is investigating whether these polyenes can be used for biofumigation.

Outlook

The additional early stage projects outlined above have all shown encouraging results and will be further evaluated for their development potential at the appropriate time and once the Company has secured further funding.

As announced on 12 September 2013, the Company's laboratory operations have been conducted at Queen Elizabeth II Medical Centre in Nedlands (**QE II**). The wing in the K Block which housed not only Actinogen's laboratory, but numerous other laboratories and research centres, has been closed for major renovations as part of the revitalisation and re-development of QE II. Actinogen was required to relocate its operations by the end of September 2013. Due to funding difficulties, the Company has chosen to postpone the immediate relocation of its laboratory and to store its non-essential equipment until such time as suitable new facilities can be finalised and additional funds have been secured. The Company retains a strong relationship with the existing operators of the laboratory space and has an agreement to maintain its core equipment

and actinomycetes library at an alternate site at QE II until its new laboratory becomes operational.

3.3 Recapitalisation Proposal

As announced on 10 September 2013 the Company has accepted an offer by Otsana Capital to recapitalise the Company. Otsana Capital has subsequently entered into an agreement with Forrest Capital pursuant to which Otsana Capital and Forrest Capital have agreed to collaborate to effect the recapitalisation of the Company (**Forrest Capital Agreement**). The recapitalisation will result in all the Company's outstanding debts being repaid and sufficient cash being injected into the Company to support the Company's near-term business objectives (**Recapitalisation Proposal**). The implementation of the Recapitalisation Proposal is subject to receipt of all necessary Shareholder and regulatory approvals.

A summary of the Recapitalisation Proposal is set out below.

Consolidation of Capital

Subject to Shareholder approval, the Company will consolidate the Shares and Options, currently on issue, on a one (1) for two (2) basis (**Consolidation**). Approval for the Consolidation is being sought pursuant to Resolution 2. Refer to section 4.1 below for further details on the Consolidation.

Capital Raising

The Company will undertake a post-Consolidation capital raising of:

- (a) up to 150 million Shares at an issue price of \$0.01 per Share (**Share Placement**); and
- (b) up to 50 million New Options at an issue price of \$0.00001 per New Option (**Option Placement**),

to sophisticated and professional investors as nominated by Otsana Capital and Forrest Capital, to raise up to \$1,500,500 (together the **Capital Raising**). The Company is seeking Shareholder approval for the Share Placement under Resolution 3 and the Option Placement under Resolution 4.

Loan Facility Agreement

Pursuant to an agreement dated 24 September 2013, Otsana Capital has made available an unsecured loan facility to the Company of up to \$100,000 (**Facility**) (**Loan Facility Agreement**). The material terms of the Loan Facility Agreement are as follows:

- (a) the Company may draw down on the Facility in tranches of up to \$20,000;
- (b) the sole approved purpose of the Facility is to fund the Company's short term working capital requirements in accordance with a budget approved by Otsana Capital;
- (c) interest will accrue daily on the outstanding balance of the Facility at the rate of 15% per annum, payable quarterly in arrears;
- (d) the repayment date will be the earlier of the date falling 3 months from the date of the first advance under the Facility and the day after this Annual General Meeting (**Repayment Date**); and
- (e) Otsana Capital agrees that the outstanding principal under the Facility (but not including accrued but unpaid interest) (**Outstanding Principal**) at the Repayment Date may be converted into Shares at a deemed price of \$0.01 per Share (on a post-Consolidation basis). The Company is seeking Shareholder

approval for the conversion of the Outstanding Principal into Shares under Resolution 7.

As at the date of this Notice, the Company has not drawn down on any of the Facility, accordingly the Outstanding Balance is nil.

Changes to the Board

As a condition to the Facility being made available to the Company, the Board agreed that all the Directors, apart from Mr David Zohar would resign and be replaced by two nominees of Otsana Capital. Accordingly, Mr Daniel Parasiliti and Dr Brendan de Kauwe were appointed as casual vacancy Directors of the Company on the date the Loan Facility Agreement was signed. The Company is seeking Shareholder approval of their re-election under Resolutions 10 and 11.

Mr Daniel Parasiliti

Mr Parasiliti has many years' experience in Injury Management, Industrial Health as a private practice and independent physiotherapy practitioner. He has extensive knowledge in Physiotherapy and Allied Health Consultancy, policy, business and patient management. He has specialised in the treatment of Musculoskeletal and occupational pathology.

Mr Parasiliti has far-reaching experience with Government liaison and Policy, and was the former Liberal Candidate in the State election for the once safe Labor seat of Midland. Daniel led the campaign, and managed strategy to turn the seat of Midland to a now most marginal seat in Australia with 0.05% discrepancy. Daniel has worked extensively with State and Federal Government's with policy, community liaison, campaign strategy/management and assisting with numerous portfolios including Health.

Daniel is currently completing his Post Graduate Juris Doctorate of Law at Murdoch University, where he has a focus on property, contract, mediation, and corporation law.

Dr Brendan de Kauwe

Dr de Kauwe studied a Bachelor of Science and a Bachelor of Dental Surgery at the University of Western Australia. He also holds a Post Graduate Diploma in Applied Finance, majoring in Corporate Finance, is currently completing his Masters in Applied Finance and is an ASIC compliant (RG146) Securities Adviser.

Dr de Kauwe's extensive science and bio-medical background with more than 10 years' experience in the health sector; coupled with his finance backing, gives him an integral understanding in the evaluation of projects over a diverse range of sectors.

Dr de Kauwe is currently a Director of ASX listed Virax Holdings Limited (ASX Code: VHL).

In addition to the Board changes required as a term of the Loan Facility Agreement, Mr David Zohar will retire by rotation as required by clause 11.3 of the Constitution and stands for re-election pursuant to Resolution 12.

Conditions

The Recapitalisation Proposal is subject to Shareholders approving Resolutions 2, 3, 4, 7, 10 and 11 (**Recapitalisation Resolutions**).

3.4 Board's vision

The Board initially intends to raise sufficient funds to ensure the expansion of the Company's existing core business, as well as identifying and evaluating other potential opportunities within the same sector that could create additional shareholder value.

Recently, third parties have expressed interest in potential collaborations with the Company's actinomycetes projects. In this regard, the Board has recently signed a non-disclosure agreement to further explore the potential of any collaborative efforts or licensing opportunities of its extensive private intellectual property.

Following the Capital Raising contemplated by this Notice of Meeting, the Board, consisting of Directors referred to in Section 3.3 of the Explanatory Statement, intends to review the previous strategy implemented by the Company with a view to expand the Company's existing business and pursue other acquisitions that have a strategic fit or will otherwise add value to shareholders. Thereafter, the business plan going forward will focus on strategies that will generate the greatest returns and value for shareholders.

While no arrangements are currently in place for new customers and/or new businesses or assets, the Board is confident that the Company will attract new business or asset opportunities once it has sufficient cash to meet its commitments going forward.

3.5 Purpose of proposed Capital Raising and Loan Facility Agreement

The purpose of the Capital Raising and Loan Facility Agreement is to:

- (a) provide funds for the Company to expand the Company's existing core business;
- (b) provide funds for the further acquisition and development of other businesses and assets as identified by the Board of the Company; and
- (c) meet the costs and expenses of the recapitalisation of the Company.

An estimated budget is set out below at section 3.6 of the Explanatory Statement.

3.6 Use of funds

The Board intends to apply the funds raised under the Capital Raising and the funds drawn down under the Facility (if any) in the manner set out in the table below. The table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Total funds raised (up to \$1,600,500)	Year 1	Year 2	Total
Payment of the costs associated with the Recapitalisation Proposal process	\$15,000	Nil	\$15,000
Repayment of existing debts	\$30,000	Nil	\$30,000
Payment to Otsana Capital (fees pursuant to the Recapitalisation Proposal)	\$90,000	Nil	\$90,000
Review and development of existing business (including rent and salaries) (See note 4 below)	\$380,000	\$320,000	\$700,000
Review of other new projects	\$95,000	\$200,000	\$295,000
Working capital	\$235,000	\$235,500	\$470,500
Total funds utilised	\$845,000	\$755,500	\$1,600,500

Notes:

1. Assumes the Capital Raising is fully subscribed.
2. Assumes the Company draws down on the full Facility.
3. If less than the full subscription is achieved under the Capital Raising, the Company will apply the funds (after costs associated with Recapitalisation Proposal) firstly towards working capital, followed by review and development of the existing business and then review of other new projects.
4. Use of the review and development of the existing business funds will be focused on re-establishing the Company's laboratory operations and principal research staff. Weighting of the funds will be towards the Company's primary three projects (see section 3.2 above); firstly, to relaunch the next stage of field trials for the plant hormone project; secondly, to continue the screening processes to expand further on the current library of isolates shown to have antagonistic effects on bacteria; and thirdly, to further explore the initial positive findings for the salt tolerance project for presentation to potential third party collaborators or licensors. These are subject to further evaluation.

3.7 Background on Otsana Capital

Otsana Capital is a private boutique company covering a broad range of corporate transactions with a specific emphasis in the restructure and recapitalisation of ASX-listed companies.

Otsana Capital has specialist skills in mergers and acquisitions, capital raisings and has many years of investment banking experience covering a wide range of sectors.

Otsana Capital has been involved in the recapitalisation, identification, facilitation and implementation of numerous acquisitions into a number of ASX listed companies.

More details on Otsana Capital's past transactions can be found at www.otsana.com.

3.8 Background on Forrest Capital

Forrest Capital provides corporate advisory, equity placement and underwriting services to small and medium sized Australian companies. Since its inception, Forrest Capital has assisted a variety of clients in industries ranging from financial services to mining and resources.

Forrest Capital's clients are typically small to medium size Australian companies seeking to undertake corporate transactions involving either equity capital raisings or mergers and acquisitions.

More details on Forrest Capital's past transactions can be found at www.forrestcapital.com.au.

3.9 Capital structure

Assuming the Recapitalisation Resolutions are passed by Shareholders, the effect of the Recapitalisation Proposal on the Company's capital structure will be as follows:

Shares	Number
Existing Shares	102,264,709
Post Consolidation (1:2) (Resolution 2)	51,132,354
Share Placement at \$0.01 ¹ (Resolution 3)	150,000,000
Issue of Shares to Otsana Capital in satisfaction of debt ³ (Resolution 7)	10,000,000
Total	211,132,354
Options	Number
Existing Options ^{4, 5}	18,206,358

Shares	Number
Post Consolidation (1:2) ⁵ (Resolution 2)	9,103,179
Option Placement (New Options exercisable at \$0.02 each on or before 30 November 2018) ² (Resolution 4)	50,000,000
Total	59,103,179

Notes:

1. Assumes the Share Placement pursuant to Resolution 3 is fully subscribed.
2. Assumes the Option Placement pursuant to Resolution 4 is fully subscribed.
3. Pursuant to the Loan Facility Agreement this is the maximum number of Shares that may be issued to Otsana Capital (for nil consideration) on the conversion of the Outstanding Principal into equity in the Company at the deemed price of \$0.01 per Share.
4. Listed Options with an exercise price of \$0.20 and expiry date of 30 September 2015.
5. In accordance with ASX Listing Rule 7.22.1, the exercise price of these listed Options will be amended in inverse proportion to the Consolidation ratio, resulting in a post-Consolidation exercise price of \$0.40 per Option.

3.10 Advantages and disadvantages of the Recapitalisation Proposal

Set out below are non-exhaustive lists of what the Directors consider to be the advantages and disadvantages of the Recapitalisation Proposal.

Advantages

The Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Recapitalisation Proposal:

- (a) the Company will be debt free following completion of the Recapitalisation Proposal;
- (b) the Capital Raising will give the Company the opportunity to expand its existing core business; and
- (c) successful completion of the Capital Raising will enable the Company to identify and evaluate other opportunities that have a strategic fit or will otherwise add value to shareholders.

Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Recapitalisation Proposal:

- (a) if the Recapitalisation Proposal is implemented, the Company will incur transaction costs as outlined in Section 3.5 above;
- (b) if the Company issues the Securities pursuant to Resolution 3 and 4 to sophisticated and professional investors nominated by Otsana Capital and Forrest Capital, the existing voting interests of Shareholders would be heavily diluted; and
- (c) the Recapitalisation Proposal may be inconsistent with the investment objectives of all Shareholders.

3.11 Directors' recommendations

Mr David Zohar declined to make a recommendation in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution, however, recommends that Shareholders vote in favour of all other Resolutions to be proposed at the Annual General Meeting.

Mr Daniel Parasiliti declined to make a recommendation in relation to Resolutions 5 and 10 due to his material personal interest in the outcome of the Resolutions, however, recommends that Shareholders vote in favour of all other Resolutions to be proposed at the Annual General Meeting.

Dr Brendan de Kauwe declined to make a recommendation in relation to Resolutions 6 and 11 due to his material personal interest in the outcome of the Resolutions, however, recommends that Shareholders vote in favour of all other Resolutions to be proposed at the Annual General Meeting.

The Company's Directors will vote the Shares held by them or their associates in favour of all Resolutions relating the Recapitalisation Proposal, subject to any applicable voting restrictions, and consider the Recapitalisation Proposal to be in the best interests of the Company.

4. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

4.1 Background

Resolution 2 seeks Shareholder approval to consolidate the number of Shares and Options on issue at the date of this Notice on a one (1) for two (2) basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward, should Shareholder approval be obtained for all of the Recapitalisation Resolutions.

The Directors intend to implement the Consolidation prior to the completion of the Recapitalisation Proposal, but it will only occur if Shareholders approve all the Recapitalisation Resolutions.

4.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

4.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 2. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole number.

4.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, Otsana Capital nor Forrest Capital accept any responsibility for the individual taxation implications arising from the Consolidation.

4.5 Holding statements

From the date of the Consolidation all holding statements for previously quoted Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities proposed to be quoted to be issued to holders of those securities.

It is the responsibility of each Shareholder to check the number of Shares and Options held prior to disposal (as the case may be).

4.6 Effect on capital structure

The Consolidation will have the effect of halving the current number of Shares on issue from 102,264,709 to 51,132,354 and halving the current number of Options on issue from 18,206,358 to 9,103,179 (as set out in the table in section 3.9 above).

4.7 Indicative timetable

If Resolution 2 is passed, the Consolidation will take effect in accordance with the timetable as set out in Appendix 7A (paragraph 5) of the ASX Listing Rules:

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	25 October 2013
Company tells ASX that Shareholders have approved the Consolidation.	29 November 2013
Last day for pre-Consolidation trading.	2 December 2013
Post-Consolidation trading starts on a deferred settlement basis.	3 December 2013
Last day for Company to register transfers on a pre-Consolidation basis.	9 December 2013
First day for Company to send notice to each holder of the change in their details of holdings. First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements.	10 December 2013
Change of details of holdings date. Deferred settlement market ends. Last day for Securities to be entered into holders' Security holdings. Last day for the Company to send notice to each holder of the change in their details of holdings.	16 December 2013

5. RESOLUTIONS 3 AND 4 – APPROVAL TO ISSUE SHARES AND NEW OPTIONS UNDER THE CAPITAL RAISING

5.1 General

Resolutions 3 and 4 seeks Shareholder approval for the issue of Shares and New Options on a post-Consolidation basis to raise up to \$1,500,500 pursuant to the Capital Raising described in section 3.3 of the Explanatory Statement.

5.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of this Resolutions 3 and 4 will be to allow the Directors to issue the Shares and the New Options the subject of the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) a maximum of 150 million Shares and 50 million New Options on a post-Consolidation basis will be issued;
- (b) the Shares and New Options will be issued no later than the date 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be \$0.01 per Share and \$0.00001 per New Option;
- (d) the Shares to be issued pursuant to Resolution 3 will be issued to sophisticated and professional investors nominated by Forrest Capital and Otsana Capital, the details of whom are not known at the date of this Notice. None of these subscribers will be related parties of the Company, except for Mr Daniel Parasiliti and Dr Brendan Kauwe. Pursuant to Resolutions 5 and 6, discussed below in section 6.1, the Company is seeking Shareholder approval for Mr Daniel Parasiliti and Dr Brendan Kauwe to participate in the Share Placement under the Capital Raising;
- (e) the New Options to be issued pursuant to Resolution 4 will be issued to sophisticated and professional investors nominated by Forrest Capital and Otsana Capital, the details of whom are not known at the date of this Notice. None of these subscribers will be related parties of the Company;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the New Options will be issued on the terms and conditions set out in Schedule 1; and
- (h) the Company intends to use the funds raised from the Capital Raising for the purposes set out in sections 3.5 and 3.6 of the Explanatory Statement.

6. RESOLUTIONS 5 AND 6 – APPROVAL TO PARTICIPATE IN THE CAPITAL RAISING –MR DANIEL PARASILITI AND DR BRENDAN DE KAUWE

6.1 General

The Company is seeking Shareholder approval to undertake a Share Placement as part of the Capital Raising, as described in further detail in sections 3.3 and 4 of the Explanatory Statement.

Mr Daniel Parasiliti and Dr Brendan de Kauwe wish to participate in the Share Placement.

Resolution 5 and Resolution 6 seek Shareholder approval for the issue of up to 2 million Shares to each of Mr Daniel Parasiliti and Dr Brendan de Kauwe (or their nominees), respectively, arising from the participation by Mr Daniel Parasiliti and Dr Brendan de Kauwe in the Share Placement (**Participation**).

6.2 Chapter 2E of the Corporations Act

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

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

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

The Participation will result in the issue of Shares, which constitutes giving a financial benefit. Mr Daniel Parasiliti and Dr Brendan de Kauwe are related parties of the Company by virtue of being Directors.

With respect to Resolution 5, the Directors (other than Mr Daniel Parasiliti, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Daniel Parasiliti on the same terms as Shares issued to non-related party participants in the Share Placement and as such, the giving of the financial benefit is on arm's length terms.

With respect to Resolution 6, the Directors (other than Dr Brendan de Kauwe, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Dr Brendan de Kauwe on the same terms as Shares issued to non-related party participants in the Share Placement and as such, the giving of the financial benefit is on arm's length terms.

6.3 ASX Listing Rule 10.11

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

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. The Directors consider that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.4 Technical Information required by ASX Listing Rule 10.13

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

- (a) a maximum of 4 million Shares on a post-Consolidation basis will be issued as follows:
 - (i) 2 million to Mr Daniel Parasiliti (or his nominee); and
 - (ii) 2 million to Dr Brendan de Kauwe (or his nominee),
- (b) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.01 per Share, being the same as all other Shares issued under the Share Placement;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the funds raised will be used for the same purposes as all other funds raised under the Share Placement as set out in sections 3.5 and 3.6 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr

Daniel Parasiliti and Dr Brendan de Kauwe (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 7– APPROVAL TO ISSUE SHARES IN SATISFACTION OF DEBT

7.1 General

This Resolution seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of up to 10 million Shares on a post-Consolidation basis at a deemed issue price of \$0.01 per Share to Otsana Capital in satisfaction of the Outstanding Principal under the Loan Facility Agreement.

A summary of the Loan Facility Agreement is set out in section 3.3 of the Explanatory Statement.

The funds provided by Otsana Capital pursuant to the Loan Facility Agreement have been made available to the Company to cover its short term working capital requirements, refer to section 3.5 and 3.6 of the Explanatory Statement for further details.

A summary of ASX Listing Rule 7.1 is set out at section 5.2 of this Explanatory Statement.

The effect of this Resolution will be to allow the Directors to issue the Shares in satisfaction of the Outstanding Principal under the Loan Facility Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Shares to be issued to Otsana Capital pursuant to this Resolution:

- (a) the maximum number of Shares to be issued to Otsana Capital on conversion of the Facility Amount at the deemed issue price of \$0.01, is 10 million Shares on a post-Consolidation basis. Additional Shares may be issued to Otsana Capital under the Company's 15% placement capacity in satisfaction of any accrued but unpaid interest at a deemed issue price of \$0.01 per Share, however Resolution 7 only seeks Shareholder approval for the issue of Shares in satisfaction of the Outstanding Principal;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be \$0.01 per Share;
- (d) the Shares will be issued to Otsana Capital. Otsana Capital is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of these Shares as they will be issued on the conversion of the Outstanding Principal from Otsana Capital to the Company.

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – SHARES

8.1 General

On 7 October 2013, the Company issued 13 million Shares at an issue price of \$0.005 per Share to raise \$65,000.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

A summary of ASX Listing Rule 7.1 is set out in section 5.2 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 13 million Shares were issued;
- (b) the issue price was \$0.005 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to clients of Otsana Capital and Forrest Capital. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were used for general working capital purposes.

9. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

9.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 9.2 below).

The effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

9.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$715,853.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 2 classes of quoted Equity Securities on issue, being the Shares (ASX Code: ACW) and listed options to acquire Shares excisable at \$0.20 each on or before 30 September 2015 (ASX Code: ACWO).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

9.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution:

- (a) **Minimum price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated

over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (i), the date on which the Equity Securities are issued.

(b) Date of issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Table 1 – Assuming only Resolution 9 is approved

Number of Shares on Issue	Issue Price (per Share)	Dilution		
		\$0.0035 50% decrease in Issue Price	\$0.007 Issue Price (current)	\$0.014 100% increase in Issue Price
102,264,709 (current Variable A)	Shares issued - 10% voting dilution	10,226,471	10,226,471	10,226,471
	Funds raised	\$35,793	\$71,585	\$143,171
153,397,064 (50% increase in	Shares issued - 10% voting dilution	15,339,707	15,339,707	15,339,707

Number of Shares on Issue	Issue Price (per Share)	Dilution		
		\$0.0035 50% decrease in Issue Price	\$0.007 Issue Price (current)	\$0.014 100% increase in Issue Price
	Funds raised	\$53,689	\$107,378	\$214,756
204,529,418 (100% increase in Variable A)	Shares issued - 10% voting dilution	20,452,942	20,452,942	20,452,942
	Funds raised	\$71,585	\$143,171	\$286,341

Table 2 – Assuming all Resolutions are approved, Options are not exercised and the Share Placement is fully subscribed

Number of Shares on Issue	Issue Price (per Share)	Dilution		
		\$0.005 50% decrease in Issue Price	\$0.01 Issue Price (current)	\$0.02 100% increase in Issue Price
211,132,354 (current Variable A)	Shares issued - 10% voting dilution	21,113,235	21,113,235	21,113,235
	Funds raised	\$105,566	\$211,132	\$422,265
316,698,531 (50% increase in Variable A)	Shares issued - 10% voting dilution	31,669,853	31,669,853	31,669,853
	Funds raised	\$158,349	\$316,698	\$633,397
422,264,708 (100% increase in Variable A)	Shares issued - 10% voting dilution	42,226,471	42,226,471	42,226,471
	Funds raised	\$211,132	\$422,265	\$844,529

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The tables above assume the following:

1. In respect of **Table 1**:
 - (a) there are currently 102,264,709 Shares on issue; and
 - (b) the issue price set out above is the closing price of the Shares on the ASX on 21 October 2013.
2. In respect of **Table 2**:
 - (a) there are currently 211,132,354 Shares on issue comprising:
 - (i) 51,132,354 existing Shares (on a post-Consolidation basis) as at the date of this Notice of Meeting;
 - (ii) 150 million Shares (on a post-Consolidation basis) which will be issued if Resolution 3 is passed at the Meeting; and
 - (iii) 10 million Shares (on a post-Consolidation basis) which will be issued if Resolution 7 is passed at the Meeting.
 - (b) the issue price set out above is the issue price of the Shares under the Share Placement which compromise the majority of Shares proposed to be issued on a past-Consolidation basis, though there is no surety that Shares will ever trade at or near that price; and

- (c) that all Recapitalisation Resolutions are approved and the full subscription is raised under the Share Placement.
- 3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- 4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- 5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- 6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- 7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- 8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for expanding the Company's existing business (including expenses associated with further tests in relation to the Company's existing projects), pursuing other acquisitions that have a strategic fit or will otherwise add value to shareholders (including expenses associated with such acquisitions) and general working capital; or
- (ii) as non-cash consideration for acquisition of new assets, technology and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity

Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the Company's financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets, technology or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new, assets, technology or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

9.4 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

10. RESOLUTIONS 10 AND 11 – RE-ELECTION OF DIRECTORS – MR DANIEL PARASILITI AND DR BRENDAN DE KAUWE

Clause 11.11 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 11.12 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then

eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Daniel Parasiliti and Dr Brendan de Kauwe, having been appointed on 23 September 2013 will retire in accordance with clause 11.12 of the Constitution and ASX Listing Rule 14.4 and being eligible, seek re-election from Shareholders.

11. RESOLUTION 12– RE-ELECTION OF DIRECTOR – MR DAVID ZOHAR

ASX Listing Rule 14.4 provides that 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.

Clause 11.3 of the Constitution provides that at the annual general meeting of the Company in each year one-third of the Directors, or, if their number is not evenly divisible by three, then the number nearest one-third, and any other Director who is not in such one-third who has held office for three years or more (except a managing director), must retire from office.

Clause 11.4 of the Constitution provides that a retiring Director is eligible for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

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

- (a) a Director who only holds office until the next annual general meeting pursuant to clause 11.11 of the Constitution (**Casual Directors**); and/ or
 - (b) a Managing Director,
- each of whom are exempt from retirement by rotation.

Mr David Zohar, the Director longest in office since his last election, retires by rotation and seeks re-election.

12. RESOLUTION 13 – ADOPTION OF NEW CONSTITUTION

12.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

This Resolution is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2003.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to Actinogen Limited, which it adopted in 2007;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material, nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.actinogen.com.au and at the Company's registered office. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9481 3860). Shareholders are invited to contact the Company if they have any queries or concerns.

12.2 Summary of material proposed changes

Minimum shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 35)

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

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

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

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

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

Reasons for proportional takeover provisions

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

Knowledge of any acquisition proposals

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

Potential advantages and disadvantages of proportional takeover provisions

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

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

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

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

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

Board recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

13. RESOLUTION 14 – APPOINTMENT OF ERNST & YOUNG (PERTH) AS AUDITOR

Rothsay Chartered Accountants, the Company's current auditors have given notice to ASIC (under section 329(5) of the Corporations Act) of their intention to resign as the auditors of the Company.

Upon receipt of ASIC's consent to their resignation, Rothsay Chartered Accountants have advised that they will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Ernst & Young (Perth) to be appointed as the Company's auditors. A copy of the nomination of Ernst & Young (Perth) as auditors is set out at Annexure A.

Ernst & Young (Perth) have given their written consent to act as the Company's auditors in accordance with section 328A(1) of the Corporations Act, subject to Shareholder approval of this Resolution and the resignation of Rothsay Chartered Accountants.

If Resolution 14 is passed, the appointment of Ernst & Young (Perth) as the Company's auditors will take effect at the close of the Meeting.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 9.1 of the Explanatory Statement.

Actinogen means Actinogen Limited (ACN 086 778 476).

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Capital Raising has the meaning given to that term in section 3.3 of the Explanatory Statement.

Chair means the chair of the Meeting.

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

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

Company or **Actinogen** means Actinogen Limited (ACN 086 778 476).

Consolidation means the proposed consolidation of the Company's existing Securities on a one (1) for two (2) basis, as contemplated by Resolution 2 and discussed in section 4.1 of the Explanatory Statement.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Forrest Capital means Forrest Capital Pty Limited (ACN 118 115 834).

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.

Loan Facility Agreement or **Facility** has the meaning given to that term in section 3.3 of the Explanatory Statement.

New Option means an option to acquire a Share on the terms and conditions set out in Schedule 1.

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

Option means an option to acquire a Share.

Option Placement has the meaning as set out in section 3.3(b) of the Explanatory Statement.

Optionholder means a holder of a New Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Otsana Capital means Otsana Pty Ltd (ACN 145 168 216), trading as Otsana Capital.

Outstanding Principal has the meaning given to that term in section 3.3(e) of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Recapitalisation Proposal has the meaning as set out in section 3.3 of the Explanatory Statement.

Recapitalisation Resolutions means Resolutions 2, 3, 4, 7, 10 and 11.

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the financial year ended 30 June 2013.

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

Securities means Shares and Options.

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

Share Placement has the meaning as set out in section 3.3(a) of the Explanatory Statement.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in section 9.2 and in the calculation in section 9.3(c) of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – NEW OPTION TERMS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5.00pm (WST) on 30 November 2018 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the New Options on ASX.

(n) **Transferability**

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

ANNEXURE A: NOMINATION OF AUDITOR

10 October 2013

Actinogen Limited
Level 7
231 Adelaide Terrace
PERTH, WA 6000

I, Buzz Capital Pty Ltd <The Beeleaf A/c>, being a member of Actinogen Limited (**Company**), nominate Ernst & Young (Perth) in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Signed and dated 10 October 2013:



Zaakir Ismail

Director

APPOINTMENT OF PROXY FORM

ACTINOGEN LIMITED
ACN 086 778 476

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST) on 29 November 2013 at 108 Outram Street, West Perth, Western Australia, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Consolidation of Capital	☐	☐	☐
Resolution 3	Approval to issue Shares under the Share Placement	☐	☐	☐
Resolution 4	Approval to issue New Options under the Option Placement	☐	☐	☐
Resolution 5	Approval to participate in Share Placement – Mr Daniel Parasiliti	☐	☐	☐
Resolution 6	Approval to participate in Share Placement – Dr Brendan de Kauwe	☐	☐	☐
Resolution 7	Approval to issue Shares in satisfaction of debt	☐	☐	☐
Resolution 8	Ratification of prior issue – Shares	☐	☐	☐
Resolution 9	Approval of 10% Placement Capacity	☐	☐	☐
Resolution 10	Re-election Director – Mr Daniel Parasiliti	☐	☐	☐
Resolution 11	Re-election Director – Dr Brendan de Kauwe	☐	☐	☐
Resolution 12	Re-election Director – Mr David Zohar	☐	☐	☐
Resolution 13	Adoption of New Constitution	☐	☐	☐
Resolution 14	Appointment of Ernst & Young (Perth) as auditor	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important for Resolutions 1, 3 and 6, If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1, 3 and 5 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐ I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1, 3 and 6 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 3 and 6 and that votes cast by the Chair for Resolutions 3 and 6, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1, 3 and 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1, 3 and 6.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to the Company, PO Box 1974, WEST PERTH WA 6872; or
 - (b) facsimile to the Company on facsimile number +61 89463 6373; or
 - (c) email to the Company at rashidah@otsana.com,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.