

Notice of annual general meeting and explanatory memorandum

Apiam Animal Health Limited

ACN 604 961 024

Date: Thursday 28 November 2019

Time: 9.00 am (AEDT)

Place: Lakeside Hotel
286 Napier Street
Bendigo Victoria 3550

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE is given that the 2019 Annual General Meeting of Apiam Animal Health Limited ACN 604 961 024 (the Company) will be held at Lakeside Hotel, 286 Napier Street, Bendigo Victoria 3550 on Thursday 28 November 2019 at 9.00 am (AEDT).

BUSINESS

Shareholders are invited to consider the following items of business at the Annual General Meeting:

Ordinary Business

1. FINANCIAL AND RELATED REPORTS

| Agenda Item 1 | Financial and Related Reports |
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| Description | To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2019. |

2. ADOPTION OF REMUNERATION REPORT (NON-BINDING VOTE)

| Resolution 1 | Adoption of Remuneration Report (non-binding vote) |
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| Description | Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2019 Annual Report and is available from the Company's website (www.apiam.com.au). In accordance with section 250R of the Corporations Act, the vote on this resolution will be advisory only and will not bind the directors or the Company. |
| Resolution (Ordinary) | To consider and, if thought fit, pass the following resolution as an ordinary resolution : <i>"THAT the Remuneration Report for the financial year ended 30 June 2019 included in the Directors' Report of the Annual Report as required under section 300A of the Corporations Act, be adopted by the Company."</i> |
| Voting Exclusion | The Company will disregard any votes cast on this resolution: <ul style="list-style-type: none">by or on behalf of a member of the KMP named in the remuneration report for the year ended 30 June 2019, or that KMP's Closely Related Party, regardless of the capacity in which the vote is cast;as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:<ul style="list-style-type: none">in accordance with their directions of how to vote as set out in the proxy appointment; orby the Chair of the Meeting pursuant to an express authorisation on the Proxy Form, even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP. |

3. RE-ELECTION OF DIRECTOR

| Resolution 2 | Re-election of Mr Michael van Blommestein as Director |
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| Description | Mr Michael van Blommestein retires as a director of the Company by rotation in accordance with clause 12.5 (a) of the Company's constitution, and, being eligible under clause 12.5 (e), offers himself for re-election. |
| Resolution (Ordinary) | To consider and, if thought fit, pass the following resolution as an ordinary resolution : <i>"THAT Mr Michael van Blommestein, having retired from his office as a Director in accordance with clause 12.5 (a) of the Company's constitution and, being eligible, be re-elected as a Director."</i> |

4. EQUITY INCENTIVE PLAN

| Resolution 3 | Approval of Employee Equity Incentive Plan |
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| Description | The Company seeks Shareholder approval for the Company's Performance Rights Share Plan for the purposes of the ASX Listing Rules and the Corporations Act. |
| Resolution (Ordinary) | To consider, and if thought fit, pass the following resolution as an ordinary resolution : <i>"THAT the issue of performance rights and underlying performance shares in the Company under the Company's Employee Equity Incentive Plan, the terms and conditions of which are summarised in the Explanatory Memorandum accompanying this Notice, be approved as an exception to ASX Listing Rule 7.1 in accordance with exception 9 (b) of ASX Listing Rule 7.2."</i> |
| Voting Exclusion | <p>The Company will disregard any votes cast:</p> <ul style="list-style-type: none"> in favour of this resolution by or on behalf of the Directors (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any of their associates, regardless of the capacity in which the vote is cast; and on this resolution as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party. <p>However, the Company need not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> (a) in accordance with the directions of how to vote on the Proxy Form; or (b) by the Chair of the Meeting pursuant to an express authorisation on the Proxy Form even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel. |

| Resolution 4 | Approval for Managing Director to participate in the Employee Equity Incentive Plan |
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| Description | The Company seeks approval for the issue of Performance Rights to Mr Chris Richards, the Company's Managing Director. |

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| Resolution (Ordinary) | <p>To consider and, if thought fit, pass the following resolution:</p> <p><i>“THAT, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholder approval is given for the Company to grant up to 3,263,859 performance rights, each to acquire 1 fully paid ordinary share in the Company, to Mr Chris Richards (or his nominee(s)) over a three year period under the Company’s Employee Equity Incentive Plan, and the issue of underlying share in respect of those performance rights, pursuant to the Employee Equity Incentive Plan and on the terms set out in the Explanatory Memorandum accompanying this Notice.”</i></p> |
| Voting Exclusion | <p>The Company will disregard any votes cast:</p> <ul style="list-style-type: none"> ▪ in favour of this resolution by or on behalf of the Directors (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any of their associates, regardless of the capacity in which the vote is cast; and ▪ on this resolution as a proxy by a member of the KMP at the date of the meeting, or that KMP’s Closely Related Party. <p>However, the Company need not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> (a) in accordance with the directions of how to vote on the Proxy Form; or (b) by the Chair of the Meeting pursuant to an express authorisation on the Proxy Form even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel. |

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| Resolution 5 | Ratification of Issue of ACE Acquisition Shares |
| Description | <p>The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for its prior issue of 5,788,120 Shares on 1 October 2019, as part consideration for the acquisition of Animal Consulting Enterprises Pty Ltd (ACE Laboratory Services), under ASX Listing Rule 7.1.</p> |
| Resolution (Ordinary) | <p>To consider and, if thought fit, pass the following resolution:</p> <p><i>“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the previous issue of 5,788,120 Shares on 1 October 2019, on such terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice.”</i></p> |
| Voting Exclusion | <p>The Company will disregard any votes cast in favour of this resolution by:</p> <ul style="list-style-type: none"> ▪ any person who participated in the issue of Shares under this resolution; and ▪ any associates of those persons. <p>However, the Company need not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution:</p> <ul style="list-style-type: none"> (a) in accordance with the directions of how to vote on the Proxy Form; or (b) by the Chair of the Meeting pursuant to an express authorisation on the Proxy Form even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel. |

Dated: 30 October 2019

By order of the Board of Apiam Animal Health Limited

A handwritten signature in blue ink, appearing to read 'Karzis', with a stylized flourish extending to the right.

Sophie Karzis
Company Secretary

QUESTIONS FROM SHAREHOLDERS

In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's auditor, Grant Thornton, in relation to the conduct of the external audit for the year ended 30 June 2019, or the content of its audit report. Please send your questions to:

The Company Secretary, **Apiam Animal Health Limited**

Level 7, 411 Collins Street, Melbourne VIC 3000

T. 03 9492 9200

E. melbourne.cosec@boardroomlimited.com.au

Written questions must be received by no later than **5.00 pm (AEDT) on Thursday 21 November 2019**.

Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the *Corporations Act 2001* (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including Remuneration Report.

During the course of the Annual General Meeting, the Chair will seek to address as many shareholder questions as reasonably practicable, and where appropriate, will give a representative of the Auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

VOTING INFORMATION

Voting by proxy

- (a) A shareholder entitled to attend and vote at the Annual General Meeting may appoint one proxy or, if the shareholder is entitled to cast two or more votes at the meeting, two proxies, to attend and vote instead of the shareholder.
- (b) Where two proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the meeting.
- (e) A proxy form accompanies this notice. If a shareholder wishes to appoint more than one proxy, they may make a copy of the proxy form attached to this notice. For the

proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority by **9.00 am (AEDT) on Tuesday 26 November 2019**:

- online by going to www.votingonline.com.au/apiamagm2019
- by post at Boardroom Pty Limited; GPO Box 3993, Sydney NSW 2001 or
- by personal delivery at Boardroom Pty Limited, Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000; or
- by facsimile: Australia – +61 2 9290 9655.

Voting and other entitlements at the Annual General Meeting

A determination has been made by the Board of the Company under regulation 7.11.37 of the *Corporations Regulations* 2001 that shares in the Company which are on issue at **7.00 pm (AEDT) on Tuesday 26 November 2019** will be taken to be held by the persons who held them at that time for the purposes of the Annual General Meeting (including determining voting entitlements at the meeting).

Proxy voting by the Chair

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act* 2011 (Cth), imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chair of a meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel. If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on Resolution 1, 3 and 4. In accordance with this express authority provided by you, the Chair will vote in favour of Resolution 1, 3 and 4. If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the form.

The Chair of the Meeting intends to vote all available undirected proxies in favour of each item of business.

If you appoint as your proxy any Director of the Company, except the Chair, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on Resolution 1, 3 and 4, he or she will not vote your proxy on that item of business.

EXPLANATORY MEMORANDUM TO NOTICE OF 2019 ANNUAL GENERAL MEETING

1. FINANCIAL AND RELATED REPORTS

| Agenda Item 1 | Financial and Related Reports |
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| Explanation | <p>Section 317 of the Corporations Act requires the Company's financial report, directors' report and auditor's report for the financial year ended 30 June 2019 to be laid before the Company's 2019 Annual General Meeting. There is no requirement for a formal resolution on this item.</p> <p>The financial report contains the financial statements of the consolidated entity consisting of Apiam and its controlled entities.</p> <p>As permitted by the Corporations Act, a printed copy of the Company's 2019 Annual Report has been sent only to those Shareholders who have elected to receive a printed copy. A copy of the 2019 Annual Report is available from the Company's website (www.apiam.com.au).</p> <p>The Chair of the meeting will allow a reasonable opportunity at the meeting for Shareholders to ask questions. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor Grant Thornton questions about its audit report, the conduct of its audit of the Company's financial report for the year ended 30 June 2019, the preparation and content of its audit report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of Grant Thornton in relation to the conduct of the audit.</p> |

2. ADOPTION OF REMUNERATION REPORT (NON-BINDING VOTE)

| Resolution 1 | Adoption of Remuneration Report (non-binding vote) |
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| Explanation | <p>Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the Company's 2019 Annual Report and is available from the Company's website (www.apiam.com.au).</p> <p>The Remuneration Report:</p> <ul style="list-style-type: none"> describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance; sets out the remuneration arrangements in place for each director and for certain members of the senior management team; and explains the differences between the basis for remunerating non-executive directors and senior executives, including the Managing Director (or equivalent). <p>The vote on this resolution is advisory only and does not bind the Directors. However, the Board will take into account any discussion on this resolution and the</p> |

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| | outcome of the vote when considering the future remuneration policies and practices of the Company. |
| Voting Exclusion | A voting exclusion statement applies to this resolution, as set out in the Notice. |
| Board Recommendation | The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report. |
| Chair's available proxies | The Chair of the Meeting intends to vote all available proxies in favour of Resolution 1. |

3. RE-ELECTION OF DIRECTOR

| Resolution 2 | Re-election of Mr Michael van Blommestein |
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| Explanation | <p>Mr Michael van Blommestein, in accordance with clause 12.4 (a) of the Company's constitution, was appointed on 5 November 2015 as an addition to the existing directors. Clause 12.5 (a) of the Constitution requires one third of the Directors (or if their number is not three or a multiple of three, then the number nearest one third) to retire at each Annual General Meeting of the Company. The Directors to retire under clause 12.5 (b) are those who have held office as Director the longest period of time since their last election to office.</p> <p>Mr Michael van Blommestein retires as a director of the Company in accordance with clause 12.5 (a), and in accordance with this clause and being eligible under clause 12.5 (e), Mr Michael van Blommestein offers himself for re-election to the Board.</p> |
| About Mr Michael van Blommestein | <p>Mr van Blommestein was a Vice President and Country Manager of Australia and New Zealand for Zoetis and managed the spin off for Zoetis from Pfizer Australia. An experienced director in the animal health sector, Mr van Blommestein presided over Animal Medicines Australia, the peak industry body for five years and was a member of the board for nearly a decade. Mr van Blommestein played an integral role in leading and overseeing the transition of Animal Health Alliance into Animal Medicines Australia and has also served on the board of Animal Health Association Japan.</p> <p>Mr van Blommestein is a Non-Executive Independent Director. Mr van Blommestein holds 101,174 Shares in the Company.</p> |
| Board Recommendation | The Board, with Mr Michael van Blommestein abstaining, recommends that Shareholders vote in favour of Mr Michael van Blommestein's re-election. |
| Chair's available proxies | The Chair of the Meeting intends to vote all available proxies in favour of Resolution 2. |

4. EQUITY INCENTIVE PLAN

| Resolution 3 | Approval of Employee Equity Incentive Plan | | | | |
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| <p>Explanation</p> | <p>ASX Listing Rule 7.1 provides that a company may not issue equity securities, or agree to issue equity securities, without the approval of shareholders, if the number of equity securities to be issued in any 12 month period (including shares issued on the exercise of any options) exceeds 15% of the issued capital of the company preceding the issue.</p> <p>ASX Listing Rule 7.2 contains a number of exceptions to the prohibition contained in ASX Listing Rule 7.1. In particular, under Exception 9 in ASX Listing Rule 7.2, any equity securities issued under an employee incentive scheme within three years of the date on which Shareholders approve the issue of those equity securities are not counted for the purposes of ASX Listing Rule 7.1. Resolution 3 is designed to satisfy the requirements of Exception 9 in ASX Listing Rule 7.2 in relation to the Employee Equity Share Plan (the Plan).</p> <p>To the extent that issues under the Plan are made to Directors and their associates, separate approval under Listing 10.14 will be sought by the Company.</p> <p>The Plan is designed as a standard component of senior executive remuneration and is intended to comprise the long-term incentive component of remuneration for senior executives, including executive directors. Non-Executive Directors are not eligible to participate in the Plan.</p> <p>Other than the Plan, the Company has no other employee or executive share-based plans.</p> <p>Grants made under the Plan are subject to a performance period (usually set at three years) and Performance Rights will only vest if the relevant performance conditions are satisfied at the end of the relevant assessment period. The Plan has generally been designed to link rewards to eligible senior executives with improvements in Company performance and the delivery of returns to Shareholders, and for other executives, to reward their performance.</p> <p>Since the Plan was approved by Shareholders at the Company's Annual General Meeting on 24 November 2016, the Company has issued 2,415,529 Performance Rights to 44 Senior Executives in the Company of which:</p> <ul style="list-style-type: none"> • 53,826 have vested of which 18,666 have been exercised; • 63,830 have lapsed; and • 2,333,033 Performance Rights remain on issue. <p>A summary of the key terms of the Plan is set out below:</p> | | | | |
| <p>Plan Summary</p> | <table> <tr> <td data-bbox="496 1704 730 1832">Eligibility</td><td data-bbox="730 1704 1453 1832">Executives of the Company as determined by the Board. Non-Executive Directors are not eligible to participate in the Plan.</td></tr> <tr> <td data-bbox="496 1839 730 2000">Form of grant</td><td data-bbox="730 1839 1453 2000"> <p>The following securities can be issued under the Plan:</p> <ul style="list-style-type: none"> • Options; • Performance Rights; </td></tr> </table> | Eligibility | Executives of the Company as determined by the Board. Non-Executive Directors are not eligible to participate in the Plan. | Form of grant | <p>The following securities can be issued under the Plan:</p> <ul style="list-style-type: none"> • Options; • Performance Rights; |
| Eligibility | Executives of the Company as determined by the Board. Non-Executive Directors are not eligible to participate in the Plan. | | | | |
| Form of grant | <p>The following securities can be issued under the Plan:</p> <ul style="list-style-type: none"> • Options; • Performance Rights; | | | | |

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| | | <ul style="list-style-type: none"> • Service Rights; • Deferred Share Awards; • Exempt Share Awards; and • Cash Rights, <p>(Awards).</p> |
| | Participation | Eligible employees may be invited by the Board to apply for Options, Performance Rights and/or other Awards from time to time under the Plan, at the discretion of the Board. |
| | Maximum Number | The aggregate number of Options, Performance Rights or other Awards to be issued under the Plan is limited to no more than 5% of the total number of shares on issue at that time. |
| | Terms and conditions | The Board has discretion under the Plan Rules to set the terms and conditions (including conditions in relation to vesting, disposal restrictions or forfeiture and any applicable exercise price) on which it will invite eligible employees to apply for Options, Performance Rights or other Awards under the Plan and may set different terms and conditions which apply to different participants in the Plan. |
| | Vesting Conditions | <p>Options, Performance Rights and other Awards will vest and become exercisable to the extent that the applicable performance, service or other vesting conditions specified at the time of grant are satisfied (collectively the Vesting Conditions). Vesting Conditions may include conditions relating to continuous employment or service, the individual performance of the participant and/or the Company's performance and the exercise price (if any) being less than the current market price of the underlying Shares as at vesting.</p> <p>Typically, the Vesting Conditions must be satisfied within a predetermined vesting period.</p> <p>Both the Vesting Conditions and the vesting period are set by the Board in its discretion and may (in certain circumstances) be waived by the Board in its discretion.</p> |
| | Vesting and exercise price | The Board may, in its absolute discretion, determine that a participant is required to pay an exercise price to exercise the Options, Performance Rights or other Awards offered or granted to that participant. The Board may determine (in its discretion) and specify in an invitation that a participant may, at their election, pay the exercise price by setting off the exercise price against the number of Shares they are entitled to receive upon exercise. |

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| | Exercise of Awards | Subject to satisfaction of Vesting Conditions, a participant may exercise an Award by lodging an exercise notice with the Company and complying with any requirements under the Plan. |
| | Ranking of Shares | Shares issued including Shares issued upon exercise of Options or Performance Rights granted under the Plan will rank equally in all respects with the other issued Shares. |
| | Voting and Dividend Rights | A participant is not entitled to vote at a Shareholder meeting or receive any dividends declared by the Company unless and until any Award is exercised and the Participant holds Shares that provide the right to vote and dividends. |
| | Issue or Acquisition of Shares | The Company may, in its discretion, issue new Shares or cause existing Shares to be acquired for transfer to the participant, or a combination of both alternatives, to satisfy the Company's obligations under the Plan. If the Company determines to cause the transfer of Shares to a participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under the Plan. |
| | Expiry of Awards | Options, Performance Rights and other Awards which have not been exercised will expire if the applicable Vesting Conditions and any other conditions to exercise are not met during the prescribed vesting period or if they are not exercised before the applicable expiry date. In addition, Awards will lapse if the participant deals with the Awards in breach of the Rules of the Plan or in the opinion of the Directors, a participant has acted fraudulently or with gross misconduct. |
| | Quotation | Options, Performance Rights and other Awards will not be quoted on the ASX. The Company will apply for official quotation of any Shares allotted under the Plan, unless the Board resolves otherwise. |
| | No hedging or transfer | Participants in the Plan must not enter into transaction or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards. |
| | Restrictions | The Board may impose restrictions on dealing in Shares or Awards which are acquired under the Plan, for example, by prohibiting them from being sold, transferred, mortgaged, pledged, charged or otherwise disposed of or encumbered for a period of time. |
| | Settlement of Awards in cash | If the Board determines that for a taxation, legal, regulatory or compliance reason it is not appropriate to issue or transfer Shares, the Company may in lieu and final |

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| | <p>satisfaction of the Company's obligation to issue or transfer Shares as required upon the exercise of an Award by a participant, make a cash payment to the participant equivalent to the fair market value of the Awards.</p> <p>Capital reorganisation If the Company undergoes a capital reorganisation, then the terms of the Awards for the participant will be changed to the extent necessary to comply with the Listing Rules.</p> <p>Amendment to the Plan Subject to the ASX Listing Rules and to specified restrictions in the Plan Rules, the Company may at any time by written instrument or by resolution of the Board, amend the Plan Rules or the terms of Awards granted.</p> |
| Voting Exclusion | A voting exclusion statement applies to this Resolution, as set out in the Notice. |
| Board Recommendation | The Board, recommends that Shareholders vote in favour of the Employee Equity Incentive Plan. |
| Chair's available proxies | The Chair of the Meeting intends to vote all available proxies in favour of Resolution 3. |

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| Resolution 4 | Approval to issue Performance Rights to Managing Director under Employee Equity Incentive Plan |
| Explanation | Resolution 4 seeks Shareholder approval for the issue of Performance Rights to Mr Chris Richards, the Company's Managing Director. |
| Why is approval being sought under Listing Rule 10.14 | Under ASX Listing Rule 10.14, the Company requires shareholder approval to issue equity securities to a Director of the Company. Accordingly, Resolution 4 seeks shareholder approval for the Company to issue securities under the Company's Employee Equity Incentive Plan (the Plan) to the Managing Director of the Company. |
| Corporations Act | <p>Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or shareholder approval is obtained.</p> <p>A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. The giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. One exception to the general rule is where the benefit constitutes "reasonable remuneration" in respect of the duties and responsibilities of the related party in the management of the public company.</p> <p>The Directors consider that, though the grant of the performance rights to Mr Richards under the Plan constitutes the giving of a financial benefit to a related party of the Company, the granting of the performance rights does not require the approval of the shareholders in general meeting as it falls within the exception set out in section 211 of the Corporations Act, being that the benefit is remuneration</p> |

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| | <p>to the Managing Director and is reasonable given both the Company's circumstances and the responsibilities involved in the office of the Managing Director.</p> <p>The following information is provided to Shareholders to enable Shareholders to consider the proposed allocation of performance rights to the Managing Director.</p> <p>The issuing of performance rights is a recognised practice in Australia as part of the remuneration of senior executives. If no performance rights were issued, the cash remuneration of the Managing Director may have to be increased. Issuing performance rights is accordingly considered a preferable alternative as the recipient benefits if the Company's earnings per share increase (in which case all Shareholders benefit). If, however the Company's earnings per share do not exceed predetermined growth targets during the assessment period, the performance rights are of no benefit and will lapse. This part of the Managing Director's remuneration is therefore directly related to the longer-term improved performance of the Company.</p> <p>Mr Richard's current remuneration comprises a base remuneration package of \$355,673 per annum, plus variable performance incentives as follows:</p> <ul style="list-style-type: none"> a) maximum cash bonus of 50% of his base remuneration package providing the Company achieves or exceeds pre-determined financial targets; and b) participation in the current Plan as further detailed below. |
| Number of Performance Rights | <p>If Resolution 4 is passed, the Company will grant Mr Richards such number of Performance Rights to be determined by dividing 30% of Mr Richard's annual base remuneration package as at the date of this notice (i.e. \$106,702 being 30% of \$355,673) by the volume weighted average price (VWAP) of the Company's share price over 30 days up to and including the day prior to the day of issue, rounding to the nearest thousand.</p> <p>As each Performance Right represents an entitlement to one Share in the Company, the maximum number of Shares which may be acquired by Mr Richards is equal to the number of Performance Rights issued (subject to certain changes in the Company's capital during the performance period – as noted in the summary of the terms of the Plan above).</p> <p>Whilst it is not currently possible to determine the exact number of Performance Rights to be granted to Mr Richards in 2019:</p> <ul style="list-style-type: none"> • if the VWAP was \$0.48 (being the closing price of the Shares on 7 October 2019), 740,985 Performance Rights would be granted to Mr Richards; • <u>the theoretical maximum number</u> of Performance Rights that could be granted to Mr Richards is 3,263,859. This theoretical maximum number is provided to Shareholders for the purposes of ASX Listing Rule 10.15A.2, and is calculated by reference to: <ul style="list-style-type: none"> ○ The fact that the aggregate number of Performance Rights to be issued under the Plan is limited to no more than 5% of the total number of Shares on issue at that time. As the Company currently has 111,937,842 Shares on issue, the current Plan limit is 5,596,892 Performance Rights; |

| | <ul style="list-style-type: none"> ○ The 2,333,033 Performance Rights already on issue would result in the remaining balance available under the 5% capacity of the Plan being 3,263,859 (5,596,892 - 2,333,033 = 3,263,859). | | | | | | | | |
|--|--|--------------------|---------------------------------------|----------------------|-----|------------------------------------|--|------------------------|------|
| Terms of Performance Rights | <p>The Performance Rights are subject to the below Performance Conditions:</p> <ul style="list-style-type: none"> ▪ Annual Share price Growth as set out below for each financial year during the Performance Period – 100% of allocation (provided Mr Richards remains in continuous employment with the Company until the end of the Performance Period). ▪ Share Price Growth shall be measured by comparing the Baseline Share Price against the Closing Share Price in each year of the Performance Period. ▪ The Baseline Share Price will be calculated by assessing the volume weighted average price (VWAP) of Shares for the 30 calendar days following the lodgement of the Annual Report in the prior financial year, i.e. the FY19 Annual Report date will be the basis for establishing the Baseline Share Price for the FY20 tranche. ▪ The Closing Share Price shall be calculated by assessing the VWAP of Shares for the 30 calendar days following the lodgement of the Annual Report for the current financial year of the Performance Period, i.e. the FY20 Annual Report date will be the basis for establishing the Closing Share Price for Tranche 1. <p>Performance will be assessed annually as follows:</p> <table> <tr> <th>Share Price Growth</th><th>% of Performance Rights that may vest</th></tr> <tr> <td>Less than 12%</td><td>Nil</td></tr> <tr> <td>Above 12% but less than 31%</td><td>Between 50% and 100%, as determined on a pro-rata, straight line basis</td></tr> <tr> <td>At or above 31%</td><td>100%</td></tr> </table> <p>(Note: Share price growth maximum performance to be determined and approved by the Board prior to allocation of Performance Rights)</p> | Share Price Growth | % of Performance Rights that may vest | Less than 12% | Nil | Above 12% but less than 31% | Between 50% and 100%, as determined on a pro-rata, straight line basis | At or above 31% | 100% |
| Share Price Growth | % of Performance Rights that may vest | | | | | | | | |
| Less than 12% | Nil | | | | | | | | |
| Above 12% but less than 31% | Between 50% and 100%, as determined on a pro-rata, straight line basis | | | | | | | | |
| At or above 31% | 100% | | | | | | | | |
| Disclosures in the Annual Report | Details of any securities issued under the Plan will be published in each Annual Report of the Company relating to the period in which the securities were issued and, where applicable, it will be noted that approval for the issue of the securities was obtained under ASX Listing Rule 10.14. | | | | | | | | |
| Other participants under ASX Listing Rule 10.14 | The only person referred to in ASX Listing Rule 10.14 entitled to participate in the Performance Rights Share Plan is Mr Richards and the number of Performance Rights proposed to be issued to him are set out in this Notice. | | | | | | | | |
| Details of prior grants | Mr Richards has not previously been awarded Performance Rights under the Plan. | | | | | | | | |

| | |
|----------------------------------|---|
| Other Terms | <p>Mr Richards will receive his Performance Rights at no cost. No dividends will be payable on the Performance Rights prior to vesting. The Performance Rights do not carry any voting rights.</p> <p>The Board has discretion to reduce or cancel Performance Rights or require Mr Richards to repay to the Company the market value of the Shares post-vesting, in certain circumstances. These circumstances include fraud, dishonesty, misconduct, financial misstatement and other circumstances including those which adversely affect the financial position or reputation of the Company, such that the Performance Rights should not have been vested.</p> <p>Mr Richards will participate in bonus issues, rights issues and capital reorganisations, in accordance with the Performance Right Share Plan rules.</p> <p>In the event of a change of control, and subject to the Board's absolute discretion, unvested Performance Rights will vest on a pro rata basis based on the proportion of the performance period that has elapsed at the date of the change of control.</p> <p>No loans are provided by the Company in connection with the Performance Rights awarded under the Plan.</p> |
| Timing of grant | If Shareholder approval is given in respect of Resolution 4, the Performance Rights will be issued to Mr Richards as soon as practicable after the Meeting, and in any event within 12 months of the Meeting. |
| Voting Exclusion | A voting exclusion statement applies to this Resolution, as set out in the Notice. |
| Board Recommendation | Mr Chris Richards abstains from making a voting recommendation on Resolution 4 as it relates to a grant of Performance Rights to him. The other Directors recommend that Shareholders vote in favour of Resolution 4. |
| Chair's available proxies | The Chair of the Meeting intends to vote all available proxies in favour of Resolution 4. |

| Resolution 5 | Ratification of Issue of ACE Acquisition Shares |
|---------------------|--|
| Explanation | <p>The Company seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for previous issues of securities made by the Company in the last 12 months under the Company's capacity to issue equity securities under ASX Listing Rule 7.1, which provides that a company must not, subject to specified exceptions under ASX Listing Rule 7.2, issue or agree to issue equity securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period without shareholder approval (15% Placement Capacity).</p> <p>ASX Listing Rule 7.4 sets out an exception to the limitations on the Company's capacity to issue equity securities pursuant to its 15% Placement Capacity, by permitting the ratification of previous issues of equity securities which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the Company's 15% Placement Capacity. If shareholders of a company approve the ratification of such previous issues of equity securities at a general meeting, those equity</p> |

| | |
|----------------------------------|--|
| | <p>securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.</p> <p>Accordingly, if Shareholders ratify the previous issue of shares made by the Company by way of approving Resolution 5, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 15% Placement Capacity.</p> |
| Specific Information | <p>Resolution 5 seeks Shareholder ratification of the issue of 5,788,120 Shares on 1 October 2019 under ASX Listing Rule 7.1 (ACE Acquisition Shares).</p> <p>The ACE Acquisition Shares were issued as part consideration for the acquisition of Animal Consulting Enterprises Pty Ltd (ACE Laboratory Services) at an issue price of \$0.4276 per Share. Refer to the Company's ASX announcement dated 2 October 2019 for further information on the acquisition.</p> <p>In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to Shareholders:</p> <p>No. of shares issued 5,788,120 Shares</p> <p>Issue price \$0.4276 per Share</p> <p>Recipients of issue Vendors of Animal Consulting Enterprises Pty Ltd (ACE Laboratory Services).</p> <p>Terms of shares Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.</p> <p>Use of funds raised As part consideration for the acquisition of Animal Consulting Enterprises Pty Ltd (ACE Laboratory Services).</p> |
| Voting Exclusion | A voting exclusion statement applies to this Resolution, as set out in the Notice. |
| Board Recommendation | <p>The Directors believe that it is in the best interests of the Company to maintain its ability to issue up to 15% of its issued capital under ASX Listing Rule 7.1. The Directors consider it to be appropriate and prudent for approval to be sought at the Meeting, in respect of the relevant issues of securities made by the Company in the last 12 months, as this approval will enhance the Company's flexibility to raise equity capital, should the Directors consider that it is in the best interests of the Company to do so.</p> <p>Accordingly, the Board recommends that Shareholders vote in favour of Resolution 5.</p> |
| Chair's available proxies | The Chair of the Meeting intends to vote all available proxies in favour of Resolution 5. |

DEFINITIONS

| | |
|---|---|
| Board | means the Company's Board of Directors. |
| Company or Apiam | means Apiam Animal Health Limited ACN 604 961 024. |
| Constitution | means the constitution of Apiam Animal Health Limited. |
| Corporations Act | means <i>Corporations Act 2001 (C'th)</i> . |
| Director | means a director of the board of Apiam Animal Health Limited. |
| Closely Related Party (of a member of KMP of an entity) | has the definition given to it by section 9 of the Corporations Act, and means: <ul style="list-style-type: none"> a) a spouse or child of the member; or b) a child of the member's spouse; or c) a dependant of the member or of the member's spouse; or d) anyone 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 dealings with the entity; or e) a company the member controls; or f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage). |
| Explanatory Memorandum | means this explanatory memorandum accompanying and forming part of this Notice. |
| FY19 | means the financial year from 1 July 2018 to 30 June 2019. |
| Key Management Personnel or KMP | means those people described as Key Management Personnel in the Remuneration Report and includes all directors. |
| Meeting | means the annual general meeting of the Company for 2019 to which the Notice relates. |
| Notice | means this notice of meeting of the Company, including the accompanying Explanatory Memorandum. |
| Performance Right | means a Right issued under the Company's Long-Term Incentive Plan. |
| Resolution | means a resolution set out in this Notice. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Shareholder | means a holder of at least one Share. |

-ENDS-



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

☎ **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

📞 **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9.00am (Melbourne time) on Tuesday, 26 November 2019**

🖥️ TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/apiamagm2019>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9.00am (Melbourne time) on Tuesday, 26 November 2019**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥️ **Online** <https://www.votingonline.com.au/apiamagm2019>
- ☎ **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Apiam Animal Health Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Lakeside Hotel, 286 Napier Street, Bendigo, Victoria 3550 on Thursday, 28 November, 2019 at 9.00 am (Melbourne time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3, and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolutions 1, 3 and 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 3 and 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

| | | For | Against | Abstain* |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report (non-binding vote) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Michael van Blommestein as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval of Employee Equity Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval for Managing Director to participate in the Employee Equity Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Ratification of Issue of ACE Acquisition Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019