

Cellmid Limited

Suite 204, 55 Clarence Street
Sydney NSW 2000
ACN: 111 304 119

<http://www.cellmid.com.au/>



Cellmid Limited

Notice of 2019 Annual General Meeting

Explanatory Statement | Proxy Form

Tuesday, 19 November 2019

2.00pm AEDT

Address

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

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.

Contents

Venue and Voting Information	2
Notice of Annual General Meeting – Agenda and Resolutions	3
Notice of Annual General Meeting – Explanatory Statement	8
Glossary	16
Proxy Form	Attached

Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (AEDT) on Tuesday, 19 November 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

Your vote is important

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

Voting in person

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

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Cellmid Limited ACN 111 304 119 will be held at 2.00pm (AEDT) on Tuesday, 19 November 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 2.00pm (AEDT) on Sunday, 17 November 2019.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Agenda

Ordinary business

Financial statements and reports

"To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."

Note: This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

Remuneration Report

1. Resolution 1 – Adoption of Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2019."

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

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person's Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote "against", or to abstain from voting on, this Resolution.

Re-election of Director

2. Resolution 2 – Re-election of Bruce Gordon as Director

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

"That Mr Bruce Gordon, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4 and being eligible, offers himself for re-election as a Director of the Company, effective immediately."

Issue of Securities

3. Resolution 3 – Approval of Issue of Incentive Options to Maria Halasz, Director of the Company

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 3,000,000 unlisted and unvested options to Maria Halasz, a Director of the Company (or her nominee), as short term and long term incentives and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) 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
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair 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.

4. Resolution 4 – Approval of Issue of Director Fee Shares to Dennis Eck

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

"That, for the purposes of ASX Listing Rule 10.11, the Shareholders of the Company approve the issue and allotment of 217,391 fully paid ordinary shares to Dennis Eck, a Director of the Company (or his nominee), and otherwise on the terms set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) 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
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair 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.

Approval for Related Parties to Participate in Placement

5. Resolution 5 – Approval of Issue of Shares to Maria Halasz, Director of the Company

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 600,000 shares at an issue price of 20 cents per share to Maria Halasz, a Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) 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
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair 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 6 – Approval of Issue of Shares to Dennis Eck, Director of the Company

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 2,500,000 shares at an issue price of 20 cents per share to Dennis Eck, a Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) 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
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair 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.

Ratification of Prior Issue of Placement Shares

7. Resolution 7 – Ratification of Prior Issue of Placement Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 4,400,000 Shares issued on 18 October 2019 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair 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.

BY ORDER OF THE BOARD

Lee Tamplin
Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 2.00pm (AEDT) on Tuesday, 19 November 2019 at Automic Group, Level 5, 126 Phillip Street Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at www.cellmid.com.au/.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by Tuesday, 12 November 2019.

Resolutions

Remuneration Report

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at www.cellmid.com.au/.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Re-election of Director

Resolution 2 – Re-election of Bruce Gordon as Director

The Company's Constitution requires that at the Company's annual general meeting, one third of the Directors (not counting the Managing Director) shall retire from office and that a Director shall not hold office for a period of 3 years or past the third annual general meeting following their appointment (whichever is longer). The retiring Directors must not be a Managing Director. The Directors to retire at the annual general meeting are those who have been in office the longest since their last election.

ASX Listing Rule 14.4 also provides each a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Mr Bruce Gordon was appointed a Director of the Company on 1 July 2015 and was last re-elected as a Director at the 2016 annual general meeting.

A director who retires in accordance with clause 47.1 of the Constitution is eligible for re-election. Under this Resolution, Bruce Gordon has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Bruce is an experienced audit professional and corporate finance specialist with a career spanning more than 35 years advising and providing financial services to private and publicly listed companies as well as subsidiaries of large multinationals.

Bruce was the lead partner of the BDO Australia National Corporate Finance Team and the BDO East Coast Partnership Corporate Finance Team. Bruce holds a number of directorships and senior financial consulting positions.

An auditor and corporate advisor to ASX listed companies, Bruce is also experienced in accounting and compliance in overseas capital markets. He is a Fellow of the Chartered Accountants Australia and New Zealand, and a Fellow of the Australian Institute of Company Directors.

Directors' recommendation

The Directors (excluding Mr Bruce Gordon) recommend that Shareholders vote for this Resolution.

Issue of Securities

Resolution 3 – Approval of Issue of Incentive Options to Maria Halasz, Director of the Company

Background

This Resolution seeks Shareholder approval to issue and allot 3,000,000 unlisted and unvested options as short term incentives (STI) and long term incentives (LTI) to Maria Halasz, CEO and Managing Director of the Company (**Incentive Options**), with vesting, subject to achieving KPI's, between 2019 and 2022.

A summary of the material terms of the Incentive Options are as follows:

Type of Incentive Security	Material terms
1,000,000 options	<ul style="list-style-type: none">The performance period is from 1 July 2019 to 30 June 2020, after which performance against the pre-determined KPIs will be assessed.Vests on 30 June 2020, provided that Ms Halasz remains employed until the vesting date unless vesting conditions are met before ceasing employment with the Company.Exercisable at a 10% premium to the 30 day VWAP on the date of issue, expires 5 years from the date of issue.
2,000,000 options	<ul style="list-style-type: none">The performance period is from 1 July 2019 to 30 June 2022, after which performance against the key strategic objectives and total shareholder return will be assessed.Vests on 30 June 2022, provided that Ms Halasz remains employed until the vesting date unless vesting conditions are met before ceasing employment with the Company.Exercisable at a 10% premium to the 30 day VWAP on the date of issue, expires 5 years from the date of issue.

Related Party Approvals

ASX Listing Rule 10.11 provides that the Company, as a listed company, must not issue equity securities to a related party without Shareholder approval.

If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1.

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

- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Options (which is a type of equity security, for the purposes of the ASX Listing Rules) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being the Board with Ms Halasz removed from discussions) carefully considered the issue of these Incentive Options to Ms Halasz, and formed the view that the giving of this financial benefit as part of Ms Halasz's remuneration would be reasonable, given the significant responsibilities held by Ms Halasz as CEO and Managing Director of the Company, and

the terms of the Incentive Options (which are in line with the terms of options issued to employees under the Company's Employee Incentive Plan on 30 July 2019). The vesting and performance conditions have been designed to assist in aligning Ms Halasz's interests with Shareholders of the Company.

Accordingly, the non-conflicted Directors of the Company believe that the issue of these Incentive Options to Ms Halasz fall within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act, and relies on this exception for the purposes of this Resolution.

Information Required by ASX Listing Rule 10.13

The following information in relation to the issue of Incentive Options to Maria Halasz is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) Maria Halasz is a Director of the Company.
- (b) The maximum number of Incentive Options to be issued is 3,000,000.
- (c) The Incentive Options will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (d) The Incentive Options will be issued for nil cash and as such no funds will be raised from the issue.
- (e) The terms of the Incentive Options are set out above.
- (f) A voting exclusion statement is included in this Notice of Meeting.

Directors' recommendation

The Directors (excluding Ms Maria Halasz) recommend that Shareholders vote for this Resolution.

Resolution 4 – Approval of Issue of Director Fee Shares to Dennis Eck

Background

This Resolution seeks Shareholder approval to issue and allot fully paid ordinary shares (**Director Fee Shares**) to Dennis Eck, in lieu of cash Directors' fees for the period to 26 March 2020.

Dennis Eck was appointed as a Director of the Company on 26 March 2018. Under his agreed terms of appointment, Mr Eck agreed to receive his Directors' fees as shares in lieu of a cash payment subject to Shareholder approval being obtained.

Accordingly, Shareholder approval is being sought under Resolution 4 to issue the Director Fee Shares to Mr Eck. The number of Director Fee Shares proposed to be issued to Mr Eck has been calculated as follows:

Director	Average Annual Director Fees (AUD)	Deemed Issue price per share	Number of Director Fee Shares
Dennis Eck	\$50,000	\$0.23	217,391 Shares

Related Party Approvals

ASX Listing Rule 10.11 provides that the Company, as a listed company, must not issue equity securities to a related party without Shareholder approval.

If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1.

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

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of the Director Fee Shares (which is a type of equity security, for the purposes of the ASX Listing Rules) constitutes the giving of a financial benefit.

A “related party” for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

As Mr Eck is a current Director of the Company, Mr Eck is a “related party” of the Company. Therefore, the proposed issue of Director Fee Shares to Mr Eck requires Shareholder approval under Chapter 2E of the Corporations Act and Listing Rule 10.11.

Each of the non-conflicted Directors have considered the proposed issue of Director Fee Shares to Mr Eck as part of his remuneration package. Each of the non-conflicted Directors formed the view that the giving of the financial benefit to Mr Eck is reasonable remuneration, given the circumstances of the Company and the responsibilities to be held by Mr Eck as a Director of the Company.

In reaching the view, the following considerations were taken into account by the non-conflicted Directors:

- (a) the Director Fee Shares do not represent an incentive, but reflect the actual Director fees which are owed, or will be owed, to Mr Eck in accordance with his agreed terms of appointment;
- (b) the value of Mr Eck’s fees (\$50K per annum) are reasonable and in accordance with market practice;
- (c) the issue of Director Fee Shares is a cost effective and efficient method to remunerate Mr Eck for his services as a Director of the Company, as opposed to alternative forms of remuneration, such as the payment of cash; and
- (d) the issue of Director Fee Shares allows the Company to attract and maintain high quality professionals to the Board of the Company, without impacting the Company’s cash reserves.

Accordingly, the non-conflicted Directors believe that the issue of Director Fee Shares to Mr Eck falls within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of Resolution 5 of this Notice of Meeting.

Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Director Fee Shares to Mr Eck (or his nominee) is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) The related party is Mr Eck, a Non-Executive Director of the Board.
- (b) The maximum number of Director Fee Shares to be issued to Mr Eck is 217,391.
- (c) The Director Fee Shares will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (d) The Director Fee Shares will be issued with a deemed issue price of \$0.23 per Director Fee Share.
- (e) The Director Fee Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (f) No funds will be raised by the issue of the Director Fee Shares. As detailed above, the purpose of the issue of Director Fee Shares in lieu of cash payments for Director fees is to preserve cash resources of the Company.

Directors' recommendation

The Directors (excluding Mr Dennis Eck) recommend that Shareholders vote in favour of this Resolution.

Approval for Related Parties to Participate in Placement

Resolution 5-6 – Approval of Issue of Shares to Directors

Background

As announced by the Company on 14 October 2019, the Company raised \$1.5 million via a placement from sophisticated and institutional investors (**Placement**), which includes participation from related parties.

Resolutions 5 and 6 under this Notice of Meeting seeks Shareholder approval for Maria Halasz and Dennis Eck to participate in the Placement on the same terms as offered to other non-related parties.

Resolution 7 seeks to ratify the issue of the Placement shares to non-related parties, which were issued on 18 October 2019.

Accordingly, Shareholder approval is being sought for each of the aforementioned Directors as follows:

- (a) Resolution 5: Maria Halasz (or her nominee) to be issued 600,000 fully paid ordinary shares, at an issue price of 20 cents per Share (value of \$120,000); and
- (b) Resolution 6: Dennis Eck (or his nominee) to be issued 2,500,000 fully paid ordinary shares, at an issue price of 20 cents per Share (value of \$500,000).

Related Party Approvals

ASX Listing Rule 10.11 provides that the Company, as a listed company, must not issue equity securities to a related party without Shareholder approval.

If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1.

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

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Shares (which is a type of equity security, for the purposes of the ASX Listing Rules) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

Accordingly, as Maria Halasz and Dennis Eck are current Directors of the Company, each of them is a "related party" of the Company, and the proposed issue of Shares to each of them requires Shareholder approval under Listing Rule 10.11.

In relation to the Chapter 2E requirements, the Company notes that the proposed issue of Shares to Maria Halasz and Dennis Eck are on the same terms to other non-related investors under the Placement.

For this reason, the non-conflicted Directors of the Company (being the Board with Ms Halasz and Mr Eck removed from discussions) carefully considered the issue of these Shares to Maria Halasz and Dennis Eck and formed the view that the giving of this financial benefit falls within the "arm's length terms" exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of this Resolution. .

Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Shares to Maria Halasz and Dennis Eck is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) The related party are current Directors of the Company, being Maria Halasz and Dennis Eck.
- (b) The maximum number of Shares to be issued is:
 - (i) 600,000 to Maria Halasz (or her nominee); and
 - (ii) 2,500,000 to Dennis Eck (or his nominee).
- (c) The Shares will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (d) The Shares will be offered at an issue price of \$0.20 per Share, which are on the same terms and issue price as offered to other non-related investors under the Placement.
- (e) The Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (f) Funds raised from the issue of the Shares will be used by the Company as working capital to exploit the global distribution opportunities for the Company's flagship évolis® products in key target markets including the USA, China, Australia and Japan. A significant portion of the capital raised will be used to increase inventory and boost the Company's sales and marketing capabilities in these markets.

Ratification of Prior Issue of Placement Shares

Resolution 7 – Ratification of Prior Issue of Placement Shares

Background

As noted above, the Company completed the issue of 4,400,000 Shares at an issue price of \$0.20 per Share under the Placement to non-related parties on 18 October 2019.

All of these Shares were issued utilising the Company's existing capacity under Listing Rule 7.1.

ASX Listing Rules 7.1

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 4,400,000 fully paid ordinary shares, which was issued on 18 October 2019 under Listing Rule 7.1.

Listing Rule 7.1 allows an entity to issue (or agree to issue) up to 15% of the Company's fully paid ordinary shares on issue in any 12 month period without the approval of the Shareholders of the Company.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Company issued 4,400,000 Shares.
- (b) Each of the Shares were issued at \$0.20 per Share.
- (c) The Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) The Shares were issued to sophisticated and institutional investors under the Placement.
- (e) Funds raised from the issue of the Shares will be used by the Company to fund the growth of the consumer health business, including inventory and working capital for the newly signed

distribution agreements for the évolis anti-aging hair care products in Germany and China.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 8072 1425 if they have any queries in respect of the matters set out in these documents.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Annual Financial Report means the 2019 Annual Report to Shareholders for the period ended 30 June 2019 as lodged by the Company with ASX on 16 September 2019.

Annual General Meeting or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Auditor's Report means the auditor's report of Grant Thornton Pty Ltd dated 28 August 2019 as included in the Annual Financial Report.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of 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 dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

Company means Cellmid Limited ACN 111 304 119.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Director Fee Shares means Shares that are proposed to be issued to Mr Dennis Eck in lieu of cash payments for his Director fees.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or "\$" means Australian dollars.

Employee Incentive Plan means the employee incentive scheme entitled "Employee Incentive Plan" approved by shareholders of the Company on 23 November 2017.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Incentive Options means the options that may be granted by the Company pursuant to the terms of

the Employee Incentive Plan.

Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting dated 18 October 2019 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Performance Right means a performance right which, subject to its terms, could convert to a Share.

Proxy Form means the proxy form attached to this Notice of Meeting.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

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

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Securities mean Shares and/or Options (as the context requires).

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

Shareholder means a holder of a Share.

Share Registry means Automic Group, Level 5, 126 Phillip Street Sydney NSW 2000.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within 90 days of the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: CDY

Your proxy voting instruction must be received by **2.00pm (AEDT) on Sunday 17 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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 lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting 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.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



