



**PATRYYS LIMITED**  
**ABN 97 123 055 363**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**24 November 2016**

Time of Meeting:  
**10:00 AM (AEDST)**

Place of Meeting:  
**Arnold Bloch Leibler**  
**Level 21**  
**333 Collins Street**  
**Melbourne Victoria, 3000**

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If shareholders are in doubt as to how they should vote, they should seek advice from their  
accountant, solicitor or other professional advisor without delay*

# PATRY'S LIMITED

ABN 97 123 055 363

Registered office: Level 4, 100 Albert Road, South Melbourne Victoria 3205

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of Patrys Limited (the "Company") will be held at the offices of Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne, Victoria 3000 at 10:00am (AEDST) on 24 November 2016.

### AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

#### ORDINARY BUSINESS

##### Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2016.

*Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly no resolution will be put to shareholders on this item of business.*

##### 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, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2016 be adopted."*

##### Resolution 2: Re-election of Mr John Read as a Director of the Company

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

*"That Mr John Read, being a director who retires pursuant to the Constitution of the Company and being eligible for re-election offers himself for re-election, is hereby re-elected as a Director of the Company."*

##### Resolution 3: Approval of Executive Share Option Plan

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

*"That, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes shareholders approve with effect from the close of this Meeting the Company's Executive Share Option Plan (ESOP) (copies of the Plan Rules are available for inspection at the Company's registered office) and the issue of options by the Board in its discretion in accordance with the provisions of that ESOP"*

##### Resolution 4: Approval to Grant Options to Dr James Campbell

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

*"That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 15,000,000 Options (being a right to acquire up to 15,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant option conditions) for no consideration to Dr James Campbell (Managing Director of the Company), as described in the Explanatory Statement accompanying this Notice of Meeting"*

#### **Resolution 5: Ratification of Prior Issue of Shares**

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

*“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, shareholders approve, ratify and confirm the issue and allotment on or about 30 March 2016 of 50,033,425 fully paid ordinary shares in the Company at a deemed issue price of \$0.007195 (0.7195 cents) per share to shareholders of Nucleus Therapeutics Pty Ltd as part consideration for the acquisition of Nucleus Therapeutics Pty Ltd on the basis set out in the Explanatory Statement.”*

#### **Resolution 6: Renewal of Proportional Bid provisions in the Constitution**

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

*“That, for the purposes of Section 648G(4) of the Corporations Act 2001(Cth) and for all other purposes the members of the company approve the renewal of Clause 13 of the Company’s Constitution.”*

#### **Resolution 7: Approval of 10% Placement Facility**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement”*

DATED this 14<sup>th</sup> day of October 2016 at Melbourne

By order of the Board



**Melanie Leydin**  
**Company Secretary**

## NOTES:

1. **Entire Notice:** The details of the resolution contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7pm on the date 48 hours before the date of the Annual General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
  - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
  - b. Each shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a shareholder of the Company.
  - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
  - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.00am (AEDST) Melbourne time on 22 November 2016. Any proxy received after that time will not be valid for the scheduled meeting.

## 4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. Voting Exclusion Statement:

### Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

### Resolution 2

There are no voting exclusions on this resolution.

### Resolution 3

The Company will disregard any votes cast on this resolution by the directors (other than a director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 4

The Company will disregard any votes cast on the subject resolution by Dr James Campbell and/or his associates. However the Company need not disregard a vote if:

- (a) It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or
- (b) It is cast, in accordance with the direction on the proxy form to vote as the proxy decides by the person chairing the meeting as proxy for a person who is entitled to vote.

**Resolution 5**

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 6**

There are no voting exclusions on this resolution.

**Resolution 7**

The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

**6. Enquiries**

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

## **EXPLANATORY STATEMENT**

### **Receipt and consideration of Accounts & Reports**

A copy of the Annual Report for the financial year ending 30 June 2016 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively you may access the annual report at the Company's website: [www.patrys.com](http://www.patrys.com) or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

### **Resolution 1: Adoption of Remuneration Report**

#### **1.1 Background**

Section 250R(3) of the Corporations Act requires that a resolution to adopt the remuneration report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2016 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must submit for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the remuneration report represented less than twenty five (25%) per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### **1.2 Voting Exclusions**

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. The Chairman will vote undirected proxies in favour of Resolution 1.

#### **1.3 Directors Recommendation**

Noting that each member of the Key Management Personnel ('KMP') has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each member of the KMP (or any Closely Related Party of a KMP) is excluded from voting their shares on this resolution, the Directors unanimously recommend that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

## **Resolution 2: Re-election of Mr John Read as a Director of the Company**

### **2.1 Background**

At every Annual General Meeting one-third of the previously elected Directors, and if their number is not a multiple of three, then the number nearest to but not exceeding one-third, must retire from office and are eligible for re-election. Mr John Read being eligible, offers himself for election.

Mr. Read is an experienced Chairman and Director in public, private and government organisations. Through his extensive career in venture capital, private equity and commercialisation he has gained a depth of experience in the formation and growth of emerging companies with an emphasis on commercial entities that provide broad societal benefits. He is currently the Chairman of CVC Limited (ASX: CVC) and Eildon Capital Limited and was the Chairman of Pro-Pac Packaging Limited (ASX: PPG) from 2005 to 2010, The Environmental Group Limited (ASX:EGL) from 2001 to 2012 and The Central Coast Water Corporation from 2011 to 2014.

### **2.2 Directors Recommendation**

The Board (with Mr Read abstaining), recommends that shareholders vote in favour of the re-election of Mr Read. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Read's re-election.

### **2.3 Voting Exclusions**

There are no voting exclusions on this resolution.

## **Resolution 3: Approval of Executive Share Option Plan**

### **3.1 Background**

At the 2013 AGM members approved the Executive Share Option Plan (ESOP). The Board is committed to incentivising and retaining the Company's Directors, executives and employees in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The ESOP is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2. A copy of the ESOP will be provided without charge to members on request.

Approval of the ESOP and any options to be issued pursuant to the ESOP is sought pursuant to Listing Rule 7.2, Exception 9(b). Further details relating to Listing Rules requirements are set out below.

The ESOP is intended to enable participants to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the options. A summary of the ESOP is set out later in these Explanatory Notes.

Any issue of shares under the ESOP to Directors, or their associates, will still require approval by members under Listing Rule 10.14.

### **3.2 ASX Listing Rules**

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without prior obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 9(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the ESOP have been approved by members within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this Resolution 3 in order for the Company to continue to be able to issue options pursuant to the ESOP and have those options qualify under Listing Rule 7.2 exception 9 for a further 3 years from the date of approval.

The Board intends that the issue of options under the ESOP continue to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking member re-approval of

the ESOP in order that the issue of shares pursuant to the ESOP will continue to qualify as an exception to Listing Rule 7.1 under exception 9(b) to Listing Rule 7.2.

### **Information required for Listing Rule 7.2, exception 9(b)**

Listing Rule 7.2, exception 9(b) requires the following information to be provided to members:

#### ***Options already issued***

Since the adoption of the ESOP the Company has issued 8,192,640 options under the ESOP. A total of 8,020,436 options issued under the ESOP have been cancelled, lapsed or expired since being issued. No options issued under the ESOP have to date been exercised. Currently there are 172,204 options on issue pursuant to the ESOP.

#### ***Summary of Terms and Conditions of the Company's Executive Share Option Plan***

Selected employees of the Company and its subsidiaries (Group) and the Directors (collectively the Participants) are eligible to participate in the ESOP at the absolute discretion of the Company's Board of Directors (Board).

The aggregate number of shares which may be issued upon the exercise of options issued pursuant to the ESOP (Plan Shares) shall not at any time exceed 5% of the total number of issued shares of the Company.

Shares allotted and issued under the Plan must rank equally in all respects with other shares from the date of allotment and issue, subject to the satisfaction of any applicable disposal restrictions.

The vesting date, expiry date, exercise price and exercise period in relation to an option issued under the ESOP are determined by the Board in its discretion.

The above is only a summary of the main features of the ESOP. A full copy of the ESOP is available for inspection at the Company's registered office and will be provided without charge to shareholders on request.

### ***3.3 Voting Exclusions***

The Company will disregard any votes cast on this resolution by the directors (other than a director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons.

However, the Company will not disregard a vote if:

- 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
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### ***3.4 Directors Recommendations***

As the Directors of Patrys are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the ESOP.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 3.

## **Resolution 4: Approval to Grant Options to Dr James Campbell**

### ***4.1 Background***

Resolution 4 of this Notice provide for up to 15,000,000 Options to be granted to Dr James Campbell on the terms described below, and attached in Annexure A of this Notice, and in accordance with the Company's Executive Share Option Plan ('ESOP').

The Options will align his interests with the interests of Shareholders. The grant of the Options (and the subsequent issue of Shares if the options are exercised) to Dr James Campbell has been proposed as a performance incentive for the future.

The exercise price of the Options will be priced at a 30% premium to the 5 day VWAP at the time of the agreement, being when the Board approves the issue of options subject to shareholder approval. Options will expire 5 years from the date of shareholder approval.

The number of Options proposed to be granted to Dr James Campbell has been determined by reference to his executive role in the Company as well as the current market practices in the Pharmaceuticals and Biotechnology sector.

### **Terms of Options**

Resolution 4 of this Notice provide for a total of 15,000,000 Options to be granted to Dr James Campbell, on the following basis:

- 5,000,000 options vest immediately
- 5,000,000 vest at 12 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 2.0 cents
- 5,000,000 vest at 24 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 4.0 cents

The exercise price of these options will be priced at a 30% premium to the 5 day VWAP at the time of the agreement, being when the Board approves the issue of options subject to shareholder approval.

Options will expire 5 years from the date of shareholder approval being 24 November 2021.

The full terms of the Options are set out in Annexure A of this Explanatory Statement.

### ***ASX Listing Rule 10.11***

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including Options) to a related party of the Company.

If Resolution 4 is passed, Options will be granted to Dr James Campbell, who is a related party of the Company. Accordingly, approval for the grant of these Options is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to Dr James Campbell as approval is being obtained under ASX Listing Rule 10.11. Accordingly, Shareholders should note that the grant of options and subsequent conversion into fully paid ordinary shares to Dr James Campbell will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the related party is Dr James Campbell, and he is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Options to be granted by the Company is 15,000,000 Options;
- (c) the Options will be granted not later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the grant will occur on one date;
- (d) The Options will be unquoted;
- (e) the Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Options. However, cash will be payable at the time when the Options are exercised with the proceeds being raised from these conversions being utilised to fund its projects and working capital requirements;
- (f) the Options will be granted on and subject to the terms described above and in Annexure A.

### **Chapter 2E of the Corporations Act**

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

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

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the Corporations Act also has a very wide meaning. It includes the public company paying money or issuing securities to a related party.

Dr James Campbell is a related party of the Company due to the fact that he is a Director of the Company. The issue of Options to Dr James Campbell constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of Options pursuant to Resolution 4 will constitute the provision of a financial benefit to a related party of the Company.

It is the view of Directors that the proposed issue of Options pursuant to Resolution 4 fall within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by the Director. Accordingly, the Directors are not seeking shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.11.

### ***Option Terms***

**Annexure A** of this notice of meeting sets out the terms and conditions of the proposed options to be issued in Resolution 4.

### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by Dr James Campbell and/or his associates.

However, the Company will not disregard a vote if:

- It is cast, in accordance with the directions on the proxy form, by a person as proxy for a person who is entitled to vote; or
- It is cast, in accordance with the direction on the proxy form to vote as the proxy decides by the person chairing the meeting as proxy for a person who is entitled to vote.

### ***Director’s Recommendations***

The Directors (with Dr James Campbell abstaining) unanimously recommend that Shareholders vote in favour of Resolution 4.

Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by the Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 4.

The Chairman of the meeting will vote undirected proxies in favour of Resolution 4.

## **Resolution 5: Ratification of Prior Issue of Shares**

### ***Background***

The Company is seeking shareholder approval to ratify the issue on or about 30 March 2016 of 50,033,425 fully paid ordinary shares to shareholders of Nucleus Therapeutics Pty Ltd as part consideration for the acquisition of Nucleus Therapeutics Pty Ltd, in accordance with the terms of the agreement and the ASX announcement dated 29 March 2016.

ASX Listing Rule 7.4 provides that a Company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a twelve (12) month period if shareholders ratify the previous issue of securities.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) The number of shares allotted and issued was 50,033,425 fully paid ordinary shares in the Company.
- (b) The shares were issued at a deemed issue price of \$0.007195 (0.7195 cents) each.
- (c) The securities issued rank pari passu with all existing securities of their class.
- (d) The shares were allotted and issued to shareholders of Nucleus Therapeutics Pty Ltd.
- (e) No funds were raised from the issue of these shares, as the shares were issued as part consideration for the acquisition of Nucleus Therapeutics Pty Ltd.

### ***Director Recommendations***

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 50,033,425 fully paid ordinary shares to shareholders of Nucleus Therapeutics Pty Ltd. The Chairman of the meeting intends to vote undirected proxies in favour of the prior share issue.

### ***Voting Exclusions***

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 6: Renewal of Proportional Bid provisions in the Constitution**

Clause 13 of the Company's Constitution contains provisions dealing with member approval requirements if there was to be any proportional takeover bids for the Company's securities (Proportional Bid Provisions).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each holds.

Part 6.5 Subdivision 5C of the Corporations Act provides that these Proportional Bid Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Bid Provisions of the Company's Constitution (Clause 13) be renewed.

In seeking the members' approval for the renewal of the Proportional Bid Provisions, the Corporations Act requires the below information to be provided to members.

### ***Effect of provisions proposed to be renewed***

Clause 13 of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proposed transfer has been approved by the members at a general meeting of the Company (Approving Resolution). The person making the offer for the securities (Offeror) (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than 50% of members who are entitled to vote at that meeting.

Clause 13 also provides that:

- (a) If an Approving Resolution is not voted upon within 14 days of the end of the bid period, the Approving Resolution is deemed approved, and
- (b) If the Approving Resolution is rejected, all unaccepted offers under the proportional takeover bid are deemed withdrawn and Offeror must rescind each contract created as a result of the acceptance of an offer under that proportional takeover bid.

### ***Reason for the resolution***

Clause 13 of the Constitution is required to be renewed as more than 3 years have passed since the last renewal of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Clause 13 cease to apply at the end of 3 years from their adoption (or their last renewal). Section 648(G)(4) enables the members to approve a renewal of Proportional Bid Provisions.

The Directors believe that the members should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Clause 13 needs to be renewed. If Clause 13 is renewed and any proportional takeover bid (if any) is subsequently approved by members, each member will still have the right to make a separate decision whether that member wishes to accept the (proportional takeover) bid for their own securities.

### ***Awareness of current acquisition proposals***

As at the date of these Explanatory Notes, none of the Directors are aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company from its current level.

### ***Advantages and disadvantages of the Proportional Bid Provisions since last renewed***

As there have been no takeover bids made for any of the shares in the Company since the last renewal of the Proportional Bid Provisions, there has been no application of Clause 13. It may be argued that the potential advantages and disadvantages described below have also applied for the period since adoption of Clause 13.

### ***Potential advantages and disadvantages of the proposed resolution for both directors and shareholders***

An advantage to the directors of renewing the Proportional Bid Provisions is that the Board will be able to assess the member's acceptance or otherwise of a proportional takeover bid should one be made.

As stated above, renewing Clause 13 provides the members with the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 13 is not renewed, members will not have this opportunity.

On the other hand, it may be argued that the renewal of Clause 13 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bids being made and reduce the freedom for members to sell some of their securities.

### ***Voting Exclusions***

There are no voting exclusions on this resolution.

### ***Directors Recommendations***

Balancing the above advantages and disadvantages, the Directors are of the view that the advantages of renewing the Proportional Bid Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, Shareholder approval is sought pursuant to this Resolution 6.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 6.

### **Resolution 7: Approval of 10% Placement Facility**

#### ***Background***

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to enhance the value of its assets and new investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to either accelerate the work on its current projects, acquire new assets, or to meet additional working capital requirements.

### ***Directors Recommendations***

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### ***Voting Exclusions***

The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

### **Description of Listing Rule 7.1A**

#### ***(a) Shareholder approval***

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

#### ***(b) Equity Securities***

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Fully Paid Ordinary Shares and Unlisted Options.

#### ***(c) Formula for calculating 10% Placement Facility***

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 745,253,370 Shares and therefore has a capacity to issue:

- (i) 61,754,581 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 7, 74,525,337 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

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

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**Listing Rule 7.1A**

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.004 50% decrease in Issue Price	\$0.007 Issue Price	\$0.014 100% increase in Issue Price
<b>Current Variable A</b> 745,253,370 Shares	<b>10% Voting Dilution</b>	74,525,337 Shares	74,525,337 Shares	74,525,337 Shares
	<b>Funds raised</b>	\$298,101	\$521,677	\$1,043,355
<b>50% increase in current Variable A</b> 1,117,880,055 Shares	<b>10% Voting Dilution</b>	111,788,006 Shares	111,788,006 Shares	111,788,006 Shares
	<b>Funds raised</b>	\$447,152	\$782,516	\$1,565,032
<b>100% increase in current Variable A</b> 1,490,506,740 Shares	<b>10% Voting Dilution</b>	149,050,674 Shares	149,050,674 Shares	149,050,674 Shares
	<b>Funds raised</b>	\$596,203	\$1,043,355	\$2,086,709

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - The issue price is **\$0.007** (0.7 cents), being the closing price of the Shares on ASX on **12 October 2016**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that

Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition) and continued expenditure on the Company's current assets and/or general working capital.
- (a) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new investments, it is possible that the allottees under the 10% Placement Facility may be the vendors of the new investments.

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### **Additional Disclosure under Listing Rule 7.3A**

#### **Information under Listing Rule 7.3A.6(a):**

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities on issue 12 months preceding the date of the meeting	696,585,986
Equity securities issued in the prior 12 month period	50,033,425
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	7%

See below details of issues of all equity securities made in the previous 12 months:

<b>Date of issue:</b>	30 March 2016
<b>Number issued:</b>	50,033,425
<b>Type of equity security:</b>	Fully paid ordinary shares
<b>Recipient of securities:</b>	Issue of shares to vendors
<b>Price:</b>	Deemed issue price of \$0.007195 per share
<b>Consideration received:</b>	Issue was for non-cash consideration in relation to the Acquisition of Nucleus Therapeutics Pty Ltd
<b>Valuation of Non-Cash Consideration:</b>	\$360,000 based on deemed issue price

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 7;

“**10% Placement Period Facility**” has the meaning as defined in the Explanatory Statement for Resolution 7;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2016;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDST**” means Australian Eastern Daylight Standard Time;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Patrys Limited ABN 97 123 055 363;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Security**” means a security of the Company which is convertible into shares;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Patrys Limited for the financial year ended 30 June 2016 and which is set out in the 2016 Annual Report;

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price.

## ANNEXURE A

### Terms and Conditions of Options

The terms and conditions of the options to be granted to Dr James Campbell (or his nominee) pursuant to Resolution 4 are as follows:

#### Terms of Options

##### (a) Entitlement

- (i) Each Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- (ii) Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

##### (b) Exercise of Option

- (i) The options' exercise price, exercise date, vesting date and expiry date are as follows:

Option recipient	Number of options	Exercise price	Vesting date	Expiry date
Dr James Campbell	5,000,000	30% premium to the 5 day VWAP at the time of agreement, being when the Board approves the issue of options subject to shareholder approval	The options vest immediately.	24 November 2021
Dr James Campbell	5,000,000	30% premium to the 5 day VWAP at the time of agreement, being when the Board approves the issue of options subject to shareholder approval	The options vest on the 12 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 2.0 cents.	24 November 2021
Dr James Campbell	5,000,000	30% premium to the 5 day VWAP at the time of agreement, being when the Board approves the issue of options subject to shareholder approval	The options vest on the 24 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 4.0 cents.	24 November 2021

- (ii) Each Option is exercisable by the Option holder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's Share Registry.
- (iii) Remittances must be made payable to 'Patrys Limited' and cheques should be crossed 'Not Negotiable'.
- (iv) All Options will lapse on the earlier of the
  - (A) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Option; and
  - (B) expiry of the final date and time for exercise of the Option.
- (v) In the event of liquidation of the Company, all unexercised Options will lapse.

##### (c) Quotation

- (i) The Company will not apply to the ASX for Official Quotation of the Options.
- (ii) If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

**(d) Participation in Securities Issues**

Subject to paragraph (e) below, the holder is not entitled to participate in new issues of securities without exercising the Options.

**(e) Participation in a Reorganisation of Capital**

- (i) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Option holder which is not conferred on Shareholders of the Company.
- (ii) In any reorganisation as referred to in paragraph (e)(i), Options will be treated in the following manner:
- (A) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
  - (B) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
  - (C) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
  - (D) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
  - (E) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
  - (F) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

**(f) Adjustments to Options and Exercise Price**

- (i) Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph (f)(ii) to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (ii) The method of adjustment for the purpose of paragraph (f)(i) shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

**(A) Pro Rata Cash Issues**

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

**(B) Pro-Rata Bonus Issues**

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

**(g) Change of Control**

If:

- (i) a takeover bid within the meaning of the Corporations Act is made for the shares in the Company and the bidder becomes entitled to compulsorily acquire all of the shares, any Options not exercised by the end of the bid period shall lapse; or
- (ii) a court approves a scheme of arrangement in relation to the Company, which has been approved by a resolution passed by the requisite majorities of the Company's shareholders, the effect of which is that a person will have a relevant interest in at least 90% of the ordinary shares of the Company, any Options not exercised within 2 business days after the court order approving the scheme will automatically lapse.

**(h) Transferability of Options**

- (i) The options are not transferable.



Patrys Limited  
ABN 97 123 055 363

## Lodge your vote:



### By Mail:

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

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

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

### For all enquiries call:

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



## Proxy Form

For your vote to be effective it must be received by 10:00am (AEDST) on Tuesday 22 November 2016

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

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

### Signing Instructions

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

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

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

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

### Attending the Meeting

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

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

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**



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

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

# Proxy Form

Please mark  to indicate your directions

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

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Patrys Limited to be held at the offices of Arnold Bloch Leibler, Level 21, 333 Collins Street, Melbourne, Victoria 3000 on Thursday 24 November 2016 at 10:00am (AEDST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 & 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3 & 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 & 4 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr John Read as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Executive Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Grant Options to Dr James Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Renewal of Proportional Bid provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

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

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

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