



PATRY'S LIMITED
ABN 97 123 055 363

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 22 November 2018

Time of Meeting:
12:00pm (AEDT)

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 12:00pm (AEDT) on Thursday, 22 November 2018.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and 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 2018.

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 2018 be adopted."

Resolution 2: Re-election of Mr Michael Stork as a Director of the Company

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

"That Mr Michael Stork, who retires by rotation pursuant to the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 3: Ratification of Prior Issue of Shares

To consider and, 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 16 February 2018 of 8,139,744 fully paid ordinary shares in the Company at a deemed issue price of \$0.017 (1.7 cents) per share to consultants of the Company as consideration for services rendered on the basis set out in the Explanatory Statement."

Resolution 4: Ratification of Prior Issue of Shares

To consider and, 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 23 May 2018 of 135,294,117 fully paid ordinary shares in the Company at a issue price of \$0.034 (3.4 cents) per share to institutional and sophisticated investors on the basis set out in the Explanatory Statement."

Resolution 5: Ratification of Prior Issue of Shares

To consider and, 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 23 May 2018 of 6,176,470 fully paid ordinary shares in the Company at a deemed issue price of \$0.034 (3.4 cents) per share issued to Somers and Partners Pty Ltd for services rendered on the basis set out in the Explanatory Statement.”

Resolution 6: Approval to Grant Options to Directors (or their nominees)

Resolution 6(a), 6(b), 6(c) and 6(d)

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

Resolution 6(a)

“That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 10,000,000 Options (being a right to acquire up to 10,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant option conditions) for no consideration to Dr James Campbell (or his nominee), as described in the Explanatory Statement accompanying this Notice of Meeting”

Resolution 6(b)

“That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 6,000,000 Options (being a right to acquire up to 6,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant option conditions) for no consideration to Mr John Read (or his nominee), as described in the Explanatory Statement accompanying this Notice of Meeting”

Resolution 6(c)

“That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 4,000,000 Options (being a right to acquire up to 4,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant option conditions) for no consideration to Mr Michael Stork (or his nominee), as described in the Explanatory Statement accompanying this Notice of Meeting”

Resolution 6(d)

“That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 4,000,000 Options (being a right to acquire up to 4,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant option conditions) for no consideration to Ms Suzy Jones (or her nominee), as described in the Explanatory Statement accompanying this Notice of Meeting”

Resolution 7: Increase in Aggregate Non-Executive Director Remuneration

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

“That for the purposes of clause 15.4 of the Constitution, ASX Listing Rule 10.17, and for all other purposes, the maximum aggregated annual Directors’ fees payable to Non-Executive Directors for the financial year from and including the year commencing 1 July 2018, be increased from \$250,000 per annum to \$400,000, as described in the Explanatory Statement which accompanies and forms part of this Notice.”

SPECIAL BUSINESS

Resolution 8: 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 17 October 2018

By order of the Board

A handwritten signature in black ink, appearing to read 'Melanie Leydin', written in a cursive style.

Melanie Leydin
Company Secretary

NOTES:

1. **Entire Notice:** The details of the resolution contained in the Explanatory Statement 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 7.00pm on the date 48 hours before the date of the Annual General Meeting. 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, or the Corporations Act.
 - 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 Investor Services Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 12:00pm (AEDT) on Tuesday, 20 November 2018. Any proxy received after that time will not be valid for the scheduled meeting.
 - i. By post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001
 - ii. In person to Computershare Investor Services Pty Limited, 'Yarra Falls', 452 Johnston Street, Abbotsford Victoria 3067
 - iii. By fax to 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia)
 - iv. Online by going to www.investorvote.com.au or by scanning the QR code found on the enclosed proxy form with your mobile device
 - v. For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

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 Resolution 1 (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:

- (a) in accordance with a direction on the proxy form; or,
- (b) by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman as received express authority to vote undirected proxies as the Chairman sees fit.

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 Resolution 2.

Resolution 3

The Company will disregard any votes cast in favour on Resolution 3 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 4

The Company will disregard any votes cast in favour on Resolution 4 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 5

The Company will disregard any votes cast in favour on Resolution 5 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.

Resolutions 6(a), 6(b), 6(c) and 6(d)

The Company will disregard any votes cast in favour on Resolutions 6(a), 6(b), 6(c) and 6(d) by any person who is to receive the options and any associate of that person.

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 7

The Company will disregard any votes cast in favour on Resolution 7 by:

- any Director and any of their associates; and
- a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company need not disregard a vote on Resolution 7 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 the direction on the proxy form to vote as the proxy decides

Resolution 8

The Company will disregard any votes cast in favour on Resolution 8 by any person who is expected to participate in the proposed issue or any person who will obtain a material 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 2018 (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 or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) 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 2018 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, 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.

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.

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. 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.

Resolution 2: Re-election of Mr Michael Stork as a Director of the Company

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 Michael Stork, being eligible, offers himself for re-election.

Mr Stork is the Managing Director of Stork Holdings Ltd, an Investment Holding company active in the Canadian technology start-up sector. He was previously on the Board of Governors of the University of Waterloo and is the Chairman of the Waterloo Accelerator Centre, a technology company incubator affiliated with the University. He is currently the Chairman of Spartan Biosciences Inc., an Ottawa based DNA analytics company, the Chairman of Dejero Labs Inc., a Waterloo based broadcast technology company, and active on the Boards of a number of other leading Canadian technology start-up companies.

Directors Recommendation

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

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue on or about 16 February 2018 of a total of 8,139,744 fully paid ordinary shares to consultants of the Company as consideration for services rendered, in accordance with the Appendix 3B announced on 16 February 2018.

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 8,139,744 fully paid ordinary shares in the Company;
- (b) The shares were issued at a deemed issue price of \$0.017 (1.7 cents) each;
- (c) The securities issued rank pari pasu with all existing securities of their class;
- (d) The shares were allotted and issued to consultants of the Company (with 588,235 shares being issued to Mr Stuart Dean Roberts and 7,551,509 shares issued to Somers and Partners Pty Ltd <Facilitation Trading A/C>); and
- (e) No funds were raised from the issue of these shares, as the shares were issued as consideration for services rendered.

Director Recommendations

The Board recommends that shareholders vote in favour of the ratification of the prior issue of a total of 8,139,744 fully paid ordinary shares to Mr Stuart Dean Roberts and Somers and Partners Pty Ltd <Facilitation Trading A/C>. The Chair of the meeting intends to vote undirected proxies in favour of the prior share issue.

Voting Exclusions

The Company will disregard any votes cast in favour 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 4: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue on or about 23 May 2018 of 135,294,117 fully paid ordinary shares to institutional and sophisticated investors, in accordance with the ASX announcements dated 16 May 2018 and 21 May 2018.

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If Resolution 4 is approved, the prior issue of the 135,294,117 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of Resolution 4 counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

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 135,294,117 fully paid ordinary shares in the Company;
- (b) The shares were issued at a issue price of \$0.034 (3.4 cents) each;
- (c) The securities issued rank pari passu with all existing securities of their class;
- (d) The shares were allotted and issued to institutional and sophisticated investors. Somers and Partners Pty Ltd acted as lead manager to the Placement; and
- (e) Funds raised from the placement were used to accelerate the development of the Patrys' Deoxymab platform, with a range of new pre-clinical studies planned to create shareholder value by supporting business development efforts, as well as corporate activities including insurance claim prosecution and working capital.

Director Recommendations

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 135,294,117 fully paid ordinary shares to institutional and sophisticated investors. The Chair of the meeting intends to vote undirected proxies in favour of the prior share issue.

Voting Exclusions

The Company will disregard any votes cast in favour 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 5: Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue on or about 23 May 2018 of 6,176,470 fully paid ordinary shares to Pinnacle Securities Pty Ltd for services rendered.

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 6,176,470 fully paid ordinary shares in the Company;
- (b) The shares were issued at a deemed issue price of \$0.034 (3.4 cents) each;
- (c) The securities issued rank pari passu with all existing securities of their class;
- (d) The shares were allotted and issued to Pinnacle Securities Pty Ltd; and
- (e) No funds were raised from the issue of these shares, as the shares were issued as consideration for services rendered.

Director Recommendations

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 6,176,470 fully paid ordinary shares to Pinnacle Securities Pty Ltd. The Chair of the meeting intends to vote undirected proxies in favour of the prior share issue.

Voting Exclusions

The Company will disregard any votes cast in favour 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.

Resolutions 6(a), 6(b), 6(c) and 6(d): Approval to Grant Options to Directors (or their nominees)

Background

Resolutions 6(a), 6(b), 6(c) and 6(d) of this Notice provide for up to 24,000,000 Options to be granted to Directors of the Company (being Dr James Campbell, Mr John Read, Mr Michael Stork and Ms Suzy Jones) on the terms described below, and attached in Annexure B of this Notice, and in accordance with the Company's Executive Share Option Plan ('ESOP').

The Options will align the Directors interests with the interests of Shareholders. The grant of the Options (and the subsequent issue of Shares if the options are exercised) to each of the Directors 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.

Terms of Options

Resolution 6(a), 6(b), 6(c) and 6(d) of this Notice provide for a total of 24,000,000 Options to be granted to Directors, on the following basis:

- 6,000,000 options vest immediately
- 9,000,000 vest at 12 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 5.0 cents
- 9,000,000 vest at 24 month anniversary of shareholder approval and the share price is equal to or greater than a 20 day VWAP of 7.0 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 22 November 2023.

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

The number of Options proposed to be granted to each of the Directors are as follows:

Proposed resolution	Option recipient/related party	Number of options	Exercise price	Vesting date	Expiry date
6(a)	Dr James Campbell (or his nominee)	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	Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		5,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
Proposed resolution	Option recipient/related party	Number of options	Exercise price	Vesting date	Expiry date
6(b)	Mr John Read (or his nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		2,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		2,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
6(c)	Mr Michael Stork (or his nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		1,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		1,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
6(d)	Ms Suzy Jones (or her nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		1,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		1,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
TOTAL		24,000,000			

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 Resolutions 6(a), 6(b), 6(c) and 6(d) are passed, Options will be granted to Dr James Campbell, Mr John Read, Mr Michael Stork and Ms Suzy Jones, who are related parties 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, Mr John Read, Mr Michael Stork and Ms Suzy Jones 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 the Directors 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 Resolutions 6(a), 6(b), 6(c) and 6(d):

- (a) the related parties are Dr James Campbell, Mr John Read, Mr Michael Stork, Ms Suzy Jones, and they are related parties by virtue of being a Directors of the Company;
- (b) the maximum number of Options to be granted by the Company is 24,000,000 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 B.

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, Mr John Read, Mr Michael Stork and Ms Suzy Jones are related parties of the Company due to the fact that they are Directors of the Company. The issue of Options to each of the Directors constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of Options pursuant to Resolutions 6(a), 6(b), 6(c) and 6(d) 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 Resolutions 6(a), 6(b), 6(c) and 6(d) 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 Directors. 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 B of this notice of meeting sets out the terms and conditions of the proposed options to be issued in Resolutions 6(a), 6(b), 6(c) and 6(d).

Voting Exclusions

The Company will disregard any votes cast in favour on Resolutions 6(a), 6(b), 6(c) and 6(d) by any person who is to receive the options and any associate of that person.

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.

Director's Recommendations

The Directors (with each Director abstaining on their own Resolution) unanimously recommend that Shareholders vote in favour of Resolutions 6(a), 6(b), 6(c) and 6(d).

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 Resolutions 6(a), 6(b), 6(c) and 6(d).

The Chairman of the meeting will vote undirected proxies in favour of Resolutions 6(a), 6(b), 6(c) and 6(d).

Resolution 7: Increase in Aggregate Non-Executive Director Remuneration

Background

The Company seeks shareholder approval to increase the maximum aggregate fees paid to Non-Executives of the Board by \$150,000, from \$250,000 to \$400,000 per annum. Shareholder approval is sought under Rule 15.4(a) of the Constitution and ASX Listing Rule 10.17.

The Board considers it appropriate to increase the Maximum Non-Exec Fees, to take account of:

- the Board potentially appointing additional Non-Executive Directors to provide additional skills and expertise in the future;
- the continuing increase in size and scale of operations of the Company;
- the need to enable incremental increases in Non-Executive Director remuneration as required over time; and
- the need for appropriate succession planning.

It is imperative that the Company remains able in the future to attract and retain Non-Executive Directors with the appropriate experience, expertise, skills and diversity to oversee the Company's business and strategic direction. An increased maximum Non-Executive fees cap will assist to achieve this and will also provide the Company with sufficient flexibility to make appropriate appointments to the Board if suitable candidates are identified.

Shareholders should also note that, if the proposed new maximum Non-Executive fees cap is approved, it will not necessarily represent the full sum paid to Non-Executive Directors each financial year. The Company will in future continue to set the actual level of remuneration of its Non-Executive Directors within the maximum fees cap, having regard to independent external advice, market practice, Board performance and other appropriate factors.

The remuneration of each Non-Executive Director for the financial year ended 30 June 2018 is detailed in the Annual Report.

As required by Listing Rule 10.17, there were no securities issued to the Company's Non-Executive Directors under Listing Rule 10.11 or 10.14 within the preceding three years.

Board Recommendation

Given their interest in the outcome of this resolution, the Board does not make any recommendation on how Shareholders vote in respect of Resolution 7.

Voting Exclusions

The Company will disregard any votes cast in favour on Resolution 7 by any Director and any of their associates.

However, the Company need 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 by the Chair of the meeting as proxy for a person who is entitled to vote and does not specify the way the proxy is to vote.

Further, a member of the Key Management Personnel and their closely related parties who are appointed proxy will not vote on this resolution unless the appointment specifies the way the proxy is to vote on the resolution or the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 8: 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 seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of Resolution 8 will be to allow the Directors to issue 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.

If Shareholders approve Resolution 8, the number of Equity Securities permitted 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).

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

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.

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 8 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 8 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 8 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.

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 market price of Shares as at 16 October 2018 (**Current Share Price**) 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		Issue Price		
		\$0.017 50% decrease in Current Share Price	\$0.034 Current Share Price	\$0.068 100% increase in Current Share Price
Current Variable A 1,070,513,402 Shares	10% Voting Dilution	107,051,340 Shares	107,051,340 Shares	107,051,340 Shares
	Funds raised	\$1,819,873	\$3,639,746	\$7,279,491
50% increase in current Variable A 1,605,770,103 Shares	10% Voting Dilution	160,577,010 Shares	160,577,010 Shares	160,577,010 Shares
	Funds raised	\$2,729,809	\$5,459,618	\$10,919,237
100% increase in current Variable A 2,141,026,804 Shares	10% Voting Dilution	214,102,680 Shares	214,102,680 Shares	214,102,680 Shares
	Funds raised	\$3,639,746	\$7,279,491	\$14,558,982

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 Current Share Price is **\$0.034 (3.4 cents)**, being the closing price of the Shares on ASX on **16 October 2018**.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 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), continued expenditure on the Company's current business 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 businesses, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new businesses, assets or 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 this Notice.

Equity Issues over the Last 12 Months – Listing Rule 7.3A.6

For the purposes of Listing Rule 7.3A.6(a), the Company advises as follows:

Number of equity securities on issue at commencement of 12 month period	808,548,896
Equity securities issued in the prior 12 month period*	297,434,644
Percentage of share issues represent of total number of equity securities on issue at commencement of 12 month period	36.79%

* For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Annexure A. Included in this Appendix is a summary of the amount of funds raised as a result of the capital raisings during the previous 12-month period.

Board Recommendation

The Board believes that Resolution 8 is in the best interests of the Company and unanimously recommends that shareholders vote in favour of this Resolution.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 8 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.

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 8;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 8;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2018;

“**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 CHES approved securities;

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

“**AEDT**” means Australian Eastern Daylight 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;

“**CHES**” 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 this Notice of Meeting including the 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 2018 and which is set out in the 2018 Annual Report;

“**Resolution**” means a resolution referred to in 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

CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
16 Feb 2018	142,074,313	FPO	FPO	Rights Issue	Eligible Shareholders	\$0.017	N/A	\$2,415,263	To proceeds raised are used to accelerate development of the Deoxymab platform, further business development of IgM platform, ancillary other developments, operations, insurance claim prosecution, corporate activities and working capital
23 May 2018	135,294,117	FPO	FPO	Placement	Institutional and sophisticated investors	\$0.034	N/A	\$4,600,000	The proceeds raised are used to accelerate the development of the Patrys' Deoxymab platform, with a range of new pre-clinical studies planned to create shareholder value by supporting business development efforts, as well as corporate activities including insurance claim prosecution and working capital.
3 Sep 2018	250,000	FPO	FPO	Exercise of Unlisted Options	Optionholder	\$0.0072	N/A	\$1,800	General working capital
Total								\$7,017,063	

ANNEXURE A (CONTINUED)

NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
16 Feb 2018	8,139,744	FPO	FPO	Issue of Shares	Consultants of the Company as consideration for services rendered	Deemed issue price of \$0.017 (1.7 cents) per share	N/A	\$138,375	N/A
15 Mar 2018	2,500,000	UO	UO ¹	Grant of Options	Issued to a member of the Scientific Advisory Board pursuant to their consulting agreement.	N/A	N/A	N/A	N/A
15 Mar 2018	500,000	UO	UO (exercisable at \$0.0613 per option, vesting immediately, expiring on 15 March 2023)	Grant of Options	Issued to members of the Scientific Advisory Board pursuant to their consulting agreements.	N/A	N/A	N/A	N/A
23 May 2018	6,176,470	FPO	FPO	Issue of Shares	Issued to Somers and Partners Pty Ltd as consideration for services rendered.	Deemed issue price of \$0.034	N/A	\$210,000	N/A
1 Jun 2018	2,500,000	UO	UO (exercisable at \$0.020 per option, vesting immediately and expiring on 18 April 2023)	Grant of Options	Issued to a member of the Scientific Advisory Board.	N/A	N/A	N/A	N/A

Glossary

UO – Unlisted Options

FPO – Fully Paid Ordinary Shares

¹ Exercisable at \$0.0613 per option, expiring on 1 July 2022, with the following vesting conditions: Tranche 1 – 1,250,000 options vesting immediately, Tranche 2 – 1,250,000 options vesting on 1 July 2018.

ANNEXURE B

Terms and Conditions of Options

The terms and conditions of the options to be granted to Directors (or their nominees) pursuant to Resolutions 6(a), 6(b), 6(c) and 6(d) 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:

Proposed resolution	Option recipient/related party	Number of options	Exercise price	Vesting date	Expiry date
6(a)	Dr James Campbell (or his nominee)	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	Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		5,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
Proposed resolution	Option recipient/related party	Number of options	Exercise price	Vesting date	Expiry date
6(b)	Mr John Read (or his nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		2,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		2,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
6(c)	Mr Michael Stork (or his nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		1,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		1,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
6(d)	Ms Suzy Jones (or her nominee)	2,000,000	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	Vest immediately	22 Nov 2023
		1,000,000		Vest at 22 November 2019 and the share price is equal to or greater than a 20 day VWAP of 5.0 cents	22 Nov 2023
		1,000,000		Vest at 22 November 2020 and the share price is equal to or greater than a 20 day VWAP of 7.0 cents	22 Nov 2023
TOTAL		24,000,000			

- (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.

Lodge your vote:

  **Online:**
www.investorvote.com.au

 **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

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 182249

SRN/HIN:

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

 **For your vote to be effective it must be received by 12:00pm (AEDT) on Tuesday, 20 November 2018**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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

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, 22 November 2018 at 12:00pm (AEDT) 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 Resolution 1, 6a, 6b, 6c, 6d and 7 (except where I/we have indicated a different voting intention below) even though Resolution 1, 6a, 6b, 6c, 6d and 7 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 Resolution 1, 6a, 6b, 6c, 6d and 7 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			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6c	Approval to Grant Options to Mr Michael Stork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Michael Stork as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6d	Approval to Grant Options to Ms Suzy Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Increase in Aggregate Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of 10% Placement Facility	<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 6a	Approval to Grant Options to Dr James Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6b	Approval to Grant Options to Mr John Read	<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 / /