



GENERA BIOSYSTEMS LIMITED
ABN 69 098 663 837

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
14 December 2018

Time of Meeting:
11.00AM (AEDT)

Place of Meeting:
Level 22, Tower 5
727 Collins Street,
Melbourne VIC 3008

*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*

GENERA BIOSYSTEMS LIMITED

ABN 69 098 663 837

Registered office: Small Technologies Cluster, 1 Dalmore Drive, Scoresby, Victoria, 3179

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Genera Biosystems Limited (the "Company") will be held at the offices of Level 22, Tower 5, 727 Collins Street, Melbourne VIC 3008 at 11.00am (AEDT) on Friday, 14 December 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:

"That for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2018 be adopted."

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

Resolution 2: Re-election of Dr Karl Poetter as a Director of the Company

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

"That Dr Karl Poetter, 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: Re-election of Mr Richard Hannebery as a Director of the Company

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

"That Mr Richard Hannebery, 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."

SPECIAL BUSINESS

Resolution 4: Ratification of Prior Issue of Securities

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

*"That for the purpose of Listing Rule 7.4 and for all other purposes, shareholders approve the issue of 1,250 Convertible Notes to existing Genera shareholders who are sophisticated and professional investors as announced to the ASX on 29 October 2018 on the basis as set out in the Explanatory Statement accompanying and forming part of the notice of this meeting (**Explanatory Statement**)."*

Resolution 5: Approval of issue of Shares to financiers in respect of Mezzanine Loan Financing Facility to convert Mezzanine Facility Loans

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

"That for the purpose of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of up to 16,635,192 Shares to certain financiers of the Company's Mezzanine Loan Financing Facility in full and final satisfaction of the amounts owing by the Company to those financiers on account of the Mezzanine Loan Financing Facility as at the date of the Company's Annual General meeting on the terms and conditions set out in the Explanatory Statement."

Resolution 6: Approval to Issue Options to Mezzanine Facility Lenders

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

"That for the purpose of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of up to 2,150,000 Options to certain financiers of the Company's Mezzanine Loan Financing Facility (or their respective nominees) on the terms and conditions set out in the Explanatory Statement."

Resolution 7: Approval of issue of Shares to Mr Richard Hannebery to convert Mezzanine Facility Loans provided by Mr Richard Hannebery

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

"That for the purpose of Listing Rule 10.11 and for all other purposes, shareholders approve the issue of up to 2,595,577 Shares to Mr Richard Hannebery (an Executive Director of the Company) in full and final satisfaction of the amounts owing by the Company to Mr Richard Hannebery on account of the Mezzanine Loan Financing Facility provided by Mr Richard Hannebery to the Company as at the date of the Company's Annual General meeting on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11 by passing this Resolution, approval is not required under Listing Rule 7.1.

Resolution 8: Approval to Issue Options to Mr Richard Hannebery (or his nominee) under Mezzanine Facility Loan

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

"That for the purpose of Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 350,000 Options to Mr Richard Hannebery or his nominee, in accordance with the Company's Mezzanine Loan Financing Facility on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11 by passing this Resolution, approval is not required under Listing Rule 7.1.

Resolution 9: Approval of a Variation of Series B Note terms

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

"That shareholders approve the variation of the conversion terms for up to 9,000 Series B Notes on the terms and conditions set out in the Explanatory Statement."

Resolution 10: Approval of Proposed Issue of Securities under Series C Convertible Notes

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

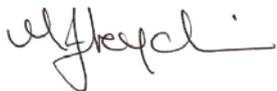
"That for the purpose of Listing Rule 7.1 and for all other purposes, shareholders approve and confirm the issue of up to 45,000 Series C Convertible Notes to existing Genera Series B Convertible noteholders who are sophisticated and professional investors on the basis as set out in the Explanatory Statement."

Resolution 11: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution which will be proposed 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 set out in the Explanatory Statement”

BY ORDER OF THE BOARD



Melanie Leydin
Company Secretary
12 November 2018

Notes

1. **Entire Notice:** The details of the resolutions 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 7.00pm AEDT on 12 December 2018. 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. A proxy need not be a shareholder of the Company.
 - c. 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. A proxy may be an individual or a body corporate.
 - d. 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.
 - e. 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.
 - f. 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 11.00am (AEDT) on 12 December 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 or proxy 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 the corporate shareholder's or proxy'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. How the Chairman will vote undirected proxies

Subject to the restrictions set out below, the Chairman of the meeting intends to vote all undirected proxies on, and in favour of, all of the proposed Resolutions.

6. Voting Exclusion Statements:

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 has received express authority to vote undirected proxies as the Chairman sees fit.

Accordingly, if you intend to appoint a member of Key Management Personnel (other than the Chairman) 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.

Resolutions, 2, 3 & 9

There are no voting exclusions on these resolutions.

Resolution 4

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

- (a) any person who received any of the Convertible Notes referred to in that Resolution; or,
- (b) an associate of that person.

However, the Company need not disregard a vote if:

- (c) 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,
- (d) 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 5, 6 and 10

The Company will disregard any votes cast in favour of Resolution 5, 6 or 10 by a person who is expected to participate in the relevant proposed issue of any of the Shares, Options or Convertible Notes referred to in any of those Resolutions and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However the Company need not disregard a vote if:

- (a) 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
- (b) 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 and 8

The Company will disregard any votes cast in favour of Resolutions 7 or 8 by Mr Richard Hannebery or his associates.

The Company will also disregard any vote cast on Resolutions 7 or 8 by any person appointed as proxy if:

- (a) the person is either:
 - i. a member of the Key Management Personnel of the Company; or
 - ii. a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However the Company need not disregard a vote if:

- (c) 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:
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, where the appointment expressly authorises the person to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Resolution 11

The Company will disregard any votes cast in favour of Resolution 11 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.

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

7. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9763 1287 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting.

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ended 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 costs 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) 9763 1287, 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.generabiosystems.com or via the Company's announcement platform on ASX. Except for as set out in Resolution 1 (adoption of Remuneration Report), no resolution is required on these reports.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2018;
- (b) ask questions about, or make comments on, the management of the Company;
- (c) ask questions about, or make comments on, the Remuneration Report;
- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit,

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the day of the Meeting to the Company Secretary at the Company's registered office.

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.

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.

Resolutions 2 and 3: Re-election of Directors

In accordance with Listing Rule 14.4 and Rule 16.1 of the Company's Constitution, Directors must retire after the third Annual General Meeting since they were last elected. Further, in accordance with the Company's Constitution, at the close of each Annual General Meeting, one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at the Annual General Meeting are those Directors who have been longest in office since their last election. The Managing Director is not subject to retirement by rotation and is, together with any Directors appointed during the year, not considered in determining the rotation of retirement of Directors.

Resolution 2 – Dr Karl Poetter

Dr Karl Poetter being eligible, offers himself for re-election.

Dr Poetter is the Chief Scientific Officer of Genera Biosystems and formerly, Senior Research Scientist with the joint Australian Genome Research Facility/Walter and Eliza Hall Institute for Medical Research programme for new technology development in genomic science. Scientific Advisory Board member for MycroLab Pty Ltd, the CRC for Diagnostics and member of the Executive Committee of the Victorian Infection & Immunity Network. Author or joint author of ten patents and fourteen peer-reviewed publications.

Resolution 3 – Mr Richard Hannebery

Mr Richard Hannebery offers himself for re-election.

Mr Hannebery has over 20 years' experience in commercial and financial advisory services specialising in hands-on management for early stage and emerging growth companies and has previously held executive roles with Merrill Lynch, Credit Suisse and JT Campbell & Co. Richard currently works in an advisory capacity with Lodge Partners, a boutique firm specialising in healthcare and technology. He has more than 15 years' experience as a specialist in healthcare technology and intellectual property based businesses operating in regulated markets. Richard's areas of focus include financing, strategy development and its implementation as well as commercialisation. Richard was previously a board member of Genera from 2005 to 2008 and currently serves as a director of Australian Continence Solutions Pty Limited and its operating Company Nurturecare (Aust) Pty Limited whilst also serving as a Director of Micro-X Limited (ASX: MX1).

Directors' Recommendations

In respect of Resolutions 2 and 3, the Directors (excluding Dr Poetter and Mr Hannebery respectively) recommend that shareholders vote in favour of the Resolutions. The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Dr Poetter and Mr Hannebery.

Resolution 4 – Ratification of Prior Issue of Notes

Resolution 4 of the Notice seeks shareholder approval for the purpose of Listing Rule 7.4 and all other purposes for the prior issue of 1,250 unlisted Series B Convertible Redeemable Notes ("Notes") at an issue price of \$100 per Note to sophisticated and professional investors to raise approximately A\$125,000 before costs of the issue.

Terms of the Notes

The terms of the Notes are summarised below:

Subscription Price

The Subscription Price of the Notes is \$100 per Note.

Payment of the Subscription Price

The payment of the aggregate Subscription Price of the Notes was made by the Note holders by electronic funds transfer.

Interest

No Interest is payable on the Notes.

Number Issued

The number of Notes issued was 1,250.

Maturity Date

The maturity date is currently 30 December 2018.

ASX Status and Conversion Price

The Notes are unlisted but may be converted at the election of the holder at any time. The conversion price for each Note is \$0.30, which determines the number of Shares into which the Note converts. The conversion price may reduce to \$0.13 for each Note converted at the request of the Company in certain circumstances.

Company Conversion

The Notes will mandatorily convert into fully paid ordinary shares ("Shares") at a conversion price of \$0.30 per share upon announcement of a cash takeover offer for 100% of the outstanding issued capital of the Company for which the board recommends the offer. Note holders will be entitled to a cash top up payment in the event of a board recommended offer under \$0.50 per share.

Early Redemption

The Company may redeem the Notes at any time for the greater of \$130 per Note or an amount that reflects a 30.0% internal rate of return from the original issue date of the Note series. Noteholders may redeem the Notes early upon the Company being in receipt of no less than \$7,500,000 cash proceeds from a monetisation in respect to the PapType test or any other test associated with the Company's intellectual property but not limited to the Ampasand platform itself.

No cash Mandatory Redemption

The tranche of Notes are not redeemable by holders but instead are convertible into Ordinary Shares of the Company on the occurrence of a capital raising by the Company to raise up to \$11.2 million and the offer of new Shares at an issue price of not less than \$0.13 per share. Each Note will convert into Shares in this case at the ratio \$282.55/\$0.13. The ratio assumes that the Notes are converted into Ordinary Shares on 14 December 2018.

Ranking

The Notes are secured by a general security deed over all the assets and undertakings of the Company.

Adjustments

The Notes conversion terms shall be adjusted for any bonus issues or capital reconstructions.

Purpose of Resolution 4

Resolution 4 is proposed for the purpose of Listing Rule 7.4. This provides that an issue of securities (such as Notes) made without shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- (a) the issue did not breach Listing Rule 7.1; and
- (b) shareholders subsequently approve it.

The passing of Resolution 4 will comprise that subsequent approval. Listing Rule 7.1 imposes a 15% cap on the number of ordinary securities (including securities, such as Notes, convertible into ordinary securities) that may be issued without shareholder approval or reliance on a specific Exception.

Required Disclosure

Listing Rule 7.5 requires that the following information be included in the notice of meeting:

- (a) The number of Convertible Notes issued was 1,250 Notes in the Company. The maximum aggregate number of new Shares into which the Notes may be converted is equal to the aggregate accreted value for the Notes divided by the Conversion Floor Price (currently a maximum of 2,716,799 Shares) and which will only apply where the Notes are converted following a request in writing made by the Company to the holder of the Notes. This will increase the number of Shares on issue from 107,466,239 to a maximum of 110,183,038 (assuming that no other Options are exercised and no further Shares or Convertible Notes are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate maximum of 2.53%.
- (b) The Notes were issued at an issue price of \$100 each. Subject to adjustment in accordance with the Note terms (as described above), the Conversion Price is \$0.30 for any Notes converted after 31 July 2015 and \$0.13 (applied against the accreted value of the Notes price as at 14 December 2018 of \$282.55 each) for any Notes converted following a request in writing by the Company as outlined above.
- (c) The terms of the Notes are outlined above. The Notes may be converted to Shares ranking equally with the Company's existing Shares. The Company will apply to ASX for quotation of the new Shares issued on conversion of the Notes.
- (d) The Notes were issued to 'Sophisticated Investors' and 'Professional Investors' outlined in the table below.
- (e) The funds raised through this issue will fund the Company's working capital requirements and related activities.
- (f) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

A table detailing those investors who participated in the issue is outlined below

Investor	Allotted number
Amberstone Pty Limited	561
Como Group Holdings Pty Ltd ATF Kirkwood Superfund	428
JPS Distribution Pty Limited ATF Raff Super Fund	163
Durbin Superannuation Pty Limited	98
TOTAL	1,250

Directors' Recommendations

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5: Approval of issue of Shares to financiers in respect of Mezzanine Loan Facility to convert Mezzanine Facility Loans

Background

Resolution 5 seeks shareholder approval to convert all outstanding loans under the Company's subordinated Mezzanine Loan Finance Facility (subject to Resolution 7) into Shares on the terms and conditions set out below. The Company received loan funding under the Company's Mezzanine Loan Finance Facility from sophisticated and professional investors ("Mezzanine Loans"), with a total of up to \$1,730,060 which is able to be drawn, and thereby repayable, by the Company (plus accrued interest of \$432,515) under the Mezzanine Loans ("Outstanding Mezzanine Debt"). The Company is seeking shareholder approval to convert the Outstanding Mezzanine Debt into Shares at the Mezzanine Conversion Price.

Funds provided under the Mezzanine Loans require repayment of a flat (not annual) 25% interest component and are currently repayable at 31 December 2018 in either cash or Shares. The interest component repayable is \$432,515.

Purpose of Resolution 5

Listing Rule 7.1 imposes a limit on the number of equity securities which the Company can issue without shareholders' approval by resolution in general meeting. In general terms this limit in any 12 month period is no more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue plus the number of fully paid ordinary shares issued in that 12 month period under an exception contained in ASX Listing Rule 7.2 or with shareholders' approval.

Resolution 5 is proposed for the purpose of Listing Rule 7.1.

The passing of Resolution 5 will comprise shareholder approval for the purposes of Listing Rule 7.1.

Required Disclosure

Listing Rule 7.3 requires that the following information be included in the notice of meeting:

- (a) the maximum aggregate number of new Shares into which the Mezzanine Loans may be converted is equal to the Outstanding Mezzanine Debt divided by the Mezzanine Conversion Price. Assuming that the Mezzanine Loans are converted on 13 December 2018, the maximum number of Shares that may be issued is 16,635,192 Shares) and which will only apply where the Outstanding Mezzanine Debt is converted following a request in writing made by the Company to the Mezzanine Facility Lender(s) and acceptance by the Mezzanine Facility Lender(s). This will increase the number of Shares on issue from 107,466,239 to a maximum of 124,101,431 (assuming that no other Options are exercised and no further Shares or Convertible Notes are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate maximum of 15.48%;
- (b) the conversion price of the Outstanding Mezzanine Debt is proposed to be \$0.13 per Share ("Mezzanine Conversion Price");
- (c) the terms of the Mezzanine Loans are outlined above. The Mezzanine Loans will be converted to Shares ranking equally with the Company's existing Shares. The Company will apply to ASX for quotation of the new Shares issued on conversion of the Mezzanine Loans;
- (d) if Resolution 5 is passed, the Shares issued upon conversion of the Outstanding Mezzanine Debt will be issued on or before 13 March 2019;
- (e) the Mezzanine Loans were provided by 'Sophisticated Investors' and 'Professional Investors' outlined in the table below;
- (f) no net funds will be retained by the Company through this issue as this Resolution 5 only relates to an approval to issue new Shares to Mezzanine Facility Lenders in consideration for the full and final repayment and satisfaction of the Outstanding Mezzanine Debt; and
- (g) a voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

Lender	Loan Amount
JPS Distribution Pty Ltd <ATF Raff Family Trust>	\$492,450
Como Group Holdings Pty Ltd <ATF Como Trust>	\$354,404
Jetan Pty Limited	\$275,000
Durbin Superannuation Pty Limited	\$166,450
Kanat Nominees Pty Ltd ATF Aaron Kanat ML Trust	\$151,756
Hammond Royce Corporation Pty Limited	\$125,000
Pumpa Holdings Pty Ltd <RGT Superannuation Fund>	\$45,000
Wales Riding Pty Limited	\$35,000
Cochran Superannuation Pty Limited	\$25,000

Mr Richard Lodge	\$25,000
Philip Cramer Pty Ltd <ATF Philip Cramer Superannuation Fund>	\$20,000
Mr Nathan Lodge	\$15,000
Total	\$1,730,060

Note: Fractions of Shares will be disregarded.

Directors' Recommendations

The Directors unanimously recommend that shareholders vote in favour of Resolution 5.

Resolution 6 – Approval to Issue Options to Mezzanine Facility Lenders

Background

Subsequent to the financial year ended 30 June 2018, the Company has entered into Loan Agreements with lenders in relation to a subordinated Mezzanine Loan Finance Facility ("New Facility"), with a total of \$430,000 available under the New Facility to be drawn by the Company. The New Facility was joined to the subscription of Notes outlined in Resolution 4. In addition to entering into the New Facility, the Company contemporaneously entered into agreements that allow the Company, at its election, to convert some or all of the aggregate loan amount drawn and accrued interest on the loans into Shares at the Mezzanine Conversion Price.

Funds provided under the Facility will require repayment of a flat (not annual) 25% interest component and are currently repayable at 31 December 2018.

In accordance with the terms of the New Facility entered into with lenders for the provision of additional funds under the Facility, a total of up to 2,150,000 call options with an expiry date of 30 June 2019 and an exercise price of \$0.25 per option are required to be issued to lenders.

Purpose of Resolution 6

Listing Rule 7.1 imposes a limit on the number of equity securities which the Company can issue without shareholders' approval. In general terms this limit in any 12 month period is no more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue plus the number of fully paid ordinary shares issued in that 12 month period under an exception contained in ASX Listing Rule 7.2 or with shareholders' approval.

Resolution 6 is proposed for the purpose of Listing Rule 7.1.

The passing of Resolution 6 will comprise shareholder approval for the purposes of Listing Rule 7.1.

Required disclosure

The following information in relation to Resolution 6 is provided for the purposes of Listing Rule 7.3:

- (a) the maximum number of securities which may be issued under Resolution 6 is of 2,150,000 Options;
- (b) if Resolution 6 is passed, the Options will be issued on or before 13 March 2019;
- (c) each Option entitles the Option holder to acquire by way of issue one Share at an exercise price of \$0.25 on the terms set out in Annexure A;
- (d) the recipients of the options will be the financiers of the New Facility (or their nominees) as noted in the table below;
- (e) the unlisted options will be issued for a nil consideration and no funds will be raised from their issue however any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise;
- (f) a voting exclusion statement is included in the Notice of General Meeting of which this Explanatory Statement forms part and is set out again below.

Investor	Number of options
Como Group Holdings Pty Ltd <ATF Como Trust>	812,347
Kanat Nominees Pty Ltd ATF Aaron Kanat ML Trust	706,800
JPS Distribution Pty Ltd <ATF Raff Family Trust>	581,783
Durbin Superannuation Pty Limited	49,070
Total	2,150,000

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 6.

Resolution 7: Approval of issue of Shares to Mr Richard Hannebery to convert Mezzanine Facility Loans provided by Mr Richard Hannebery

Background

Further to Resolution 5, it is noted that Mr Richard Hannebery (the CEO and an Executive Director of the Company) participated in the subordinated Mezzanine Loan Finance Facilities ("Hannebery Mezzanine Loans") via aggregate loans of \$269,940 on the same terms as the other lenders outlined in Resolution 5. The Hannebery Mezzanine Loans are repayable by the Company - plus accrued interest of \$67,485 ("Outstanding Hannebery Mezzanine Debt").

Purpose of Resolution 7

Resolution 7 is proposed for the purpose of Listing Rule 10.11.

Listing Rule 10.11 requires a listed company to obtain shareholder approval by resolution prior to the issue of securities to a related party of the Company. As a director, Mr Richard Hannebery is a related party of the Company. Accordingly, approval for the issue of these Shares is required pursuant to Listing Rule 10.11.

Separate approval pursuant to Listing Rule 7.1 is not required where approval is obtained under Listing Rule 10.11. Accordingly, Shareholders should note that the conversion of the loan into fully paid ordinary shares will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The passing of Resolution 7 will comprise shareholder approval for the purposes of Listing Rule 10.11.

Required disclosure

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the related party is Mr Richard Hannebery who is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Shares to be issued by the Company to Mr Richard Hannebery is 2,595,577;
- (c) if Resolution 7 is passed, the Shares will be issued not later than 13 January 2019;
- (d) the conversion price of the Outstanding Hannebery Mezzanine Debt is proposed to be \$0.13 per Share ("Mezzanine Conversion Price");
- (e) the Hannebery Mezzanine Loans will be converted to Shares ranking equally with the Company's existing Shares. The Company will apply to ASX for quotation of the new Shares issued on conversion of the Hannebery Mezzanine Loans;
- (f) no net funds will be retained by the Company through this issue as this Resolution 7 only relates to an approval to issue new Shares to Mr Richard Hannebery in consideration for the full and final repayment and satisfaction of the Outstanding Hannebery Mezzanine Debt; and

- (g) a voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

Directors' Recommendation

The Directors, with Mr Richard Hannebery abstaining, unanimously recommend that Shareholders vote in favour of Resolution 7.

Resolution 8: Approval to Issue Options to Mr Richard Hannebery (or his nominee) under Mezzanine Facility Loan

Background

Further to Resolutions 5, 6 and 7, it is noted that Mr Richard Hannebery participated in the subordinated Mezzanine Loan Finance Facility ("New Facility") via aggregate loans of \$70,000 on the same terms as the other New Facility lenders outlined in Resolution 6. Mr Richard Hannebery did not participate in the subscription of Notes as outlined under Resolution 4 that were joined to the provision of the New Facility outlined under Resolution 6.

In addition to entering into the New Facility, Mr Richard Hannebery also contemporaneously entered into an agreement with the Company that allows the Company, at its election, to convert some or all of the loan amount drawn and accrued interest on the New Facility into fully paid ordinary Shares in the Company at the Mezzanine Conversion Price.

Purpose of Resolution 8

Resolution 8 is proposed for the purpose of Listing Rule 10.11.

Listing Rule 10.11 requires a listed company to obtain shareholder approval by resolution prior to the issue of securities (including Options) to a related party of the Company. As a director, Mr Hannebery is a related party of the Company. Accordingly, approval for the grant of these Options is required pursuant to Listing Rule 10.11.

Separate approval pursuant to Listing Rule 7.1 is not required where approval is obtained under 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.

The passing of Resolution 8 will comprise shareholder approval for the purposes of Listing Rule 10.11.

Required disclosure

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the related party is Mr Richard Hannebery who is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Options to be issued by the Company to Mr Hannebery is 350,000;
- (c) each Option entitles the Option holder to acquire by way of issue, one Share;
- (d) the unlisted Options are exercisable at \$0.25 each on or before 30 June 2019 and on the terms as set out in Annexure A;
- (e) if Resolution 8 is passed, the Options will be issued not later than 13 January 2019; and
- (f) the Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue 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 working capital requirements.

Directors' Recommendation

The Directors, with Mr Richard Hannebery abstaining, unanimously recommend that Shareholders vote in favour of Resolution 8.

Resolution 9: Approval of a Variation of Series B Note terms

Background

Resolution 9 seeks shareholder approval to vary the terms relating to conversion of up to 9,000 unlisted Series B Convertible Redeemable Notes ("Notes") issued to Series B Noteholders (the issue of which were previously approved by Shareholders at the 2016 Annual General Meeting of the Company) on the terms and conditions set out below. The Company has 30,000 Notes on issue, which were issued at an issue price of \$100 per Note to sophisticated and professional investors to raise approximately A\$3,000,000 before costs of the issue.

Conversion Price

The conversion price of the Notes is proposed to be varied from \$0.30 to \$0.13 per Share ("New Conversion Price"). The variation to the conversion price will only affect the conversion price for any Notes that are converted at the Company's election following the date of the Annual General Meeting (assuming Resolution 8 is passed).

Maximum Note Conversion

The maximum number of Notes that may be converted at the New Conversion Price will be 9,000 Notes. The Shares issued upon conversion shall be calculated based on the accreted value of the Notes divided by the New Conversion Price.

Further Disclosure

The Company provides the following information in respect of this Resolution 9:

- (a) The maximum aggregate number of new Shares into which the Notes may be converted is equal to the aggregate accreted value for the 9,000 Notes (assuming Resolution 9 is passed) divided by the New Conversion Price (currently a maximum of 19,561,154 Shares) and which will only apply where the Notes are converted following a request in writing made by the Company to the holder of those Notes and acceptance by the Noteholder. This will increase the number of Shares on issue from 107,466,239 to a maximum of 127,027,393 (assuming that no other Options are exercised and no further Shares or Convertible Notes are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate maximum of 18.2%.
- (b) The Notes were issued at an issue price of \$100 each. Subject to adjustment in accordance with the Note terms (as described above), the Conversion Price is \$0.30 for any Notes converted after 31 July 2015 and \$0.13 (applied against the accreted value of the Notes price as at 14 December 2018 of \$282.55 each) for any Notes converted following a request in writing by the Company as outlined above.
- (c) The terms of the Notes are outlined above. The Notes may be converted to Shares ranking equally with the Company's existing Shares. The Company will apply to ASX for quotation of the new Shares issued on conversion of the Notes.
- (d) The Notes were issued to 'Sophisticated Investors' and 'Professional Investors'.
- (e) The funds raised through this issue will fund the Company's working capital requirements and related activities.

Directors' Recommendations

The Directors unanimously recommend that shareholders vote in favour of Resolution 9.

Resolution 10: Approval of Proposed Issue of Securities under Series C Convertible Notes

Background

Resolution 10 is proposed for the purpose of Listing Rule 7.1 and for all other purposes. It seeks shareholder approval for the issue of up to 45,000 unlisted Series C Convertible Redeemable Notes ("Series C Notes") at an issue price of \$152.55 per Note to sophisticated and professional investors. The Series C Notes are proposed to be issued to existing holders of Series B Convertible Redeemable Notes ("Series B Notes") as part of a capital restructure of the Company, including a contemporaneous restructure and rollover of the Series B Notes into Series C Notes.

In total a \$282.55 repayment liability is owed on each existing Series B Note. This amount is made up of \$100.00 Face Value principal amount and \$182.55 accrued interest. Under a Series B restructure deed that the Company has entered into with Noteholders it is proposed that each holder will receive a cash redemption amount of a minimum of \$130.00 per Note with the liability balance to be satisfied by the issue of new Series C Notes. The

number of Series C Notes to be issued by the Company will depend on the number of Series B Notes redeemed by the Company on or prior to the redemption date under the Series B Notes (30 December 2018). No net funds will be retained by the proposed issue of Series C Notes which will all be applied to the redemption of Series B Notes.

Passing of Resolution 10 will constitute approval for the purposes of Listing Rule 7.1.

Terms of the Notes

The terms of the Notes are summarised below:

Subscription Price

The Subscription Price of the Series C Notes is the difference between the amount owing on a Series B Note at the redemption date less any amount redeemed on that Series B Note on the redemption date in cash by the Company, for example:

if \$282.55 was owed to a holder of a Series B Note on the redemption date of the Series B Notes and the holder received \$130.00 in cash, the difference would be \$152.55,

and such amount would be applied as the Subscription Price of the Series C Notes. Should a Noteholder receive greater than \$130.00 cash redemption the Subscription Price of the Series C Notes issued will be adjusted downwards accordingly.

Payment of the Subscription Price

The payment of the aggregate Subscription Price of the Series C Notes will be made by the Series C Noteholders by the redemption and rollover of the Series B Notes into the Series C Notes.

Interest

Each Series C Note accrues interest from and including the issue date of the Series C Notes and ceases to accrue from the earlier of conversion or redemption as follows:

- (a) for the period from the issue date of the Series C Notes to 31 December 2019 (inclusive), 12% per annum; and
- (b) for the period between 1 January 2020 and 30 June 2020 (inclusive), 20% per annum.

Maximum Issued

The maximum number of Series C Notes to be issued is 45,000.

Maturity Date

The maturity date is 30 June 2020.

ASX Status and Conversion Price

The Series C Notes are unlisted but may be converted at the election of the holder at any time. The conversion price for any Series C Note will be \$0.30 per Share.

Company Conversion

The Series C Notes will mandatorily convert into Shares at a conversion price of \$0.30 per Share upon announcement of a cash takeover offer for 100% of the outstanding issued capital of the Company for which the board recommends the offer.

Early Redemption

The Company may redeem the Series C Notes at any time by paying to the Series C Note holder the face value of the Series C Note as recorded in the Personal Property Securities Register established under the *Personal Properties Securities Act 2009* (Cth) plus any increase in the principal amount by the amount of interest capitalised on the Series C Note otherwise not repaid or reduced in accordance with the terms of the Series C Notes.

Ranking

The Notes are secured by a general security deed over all the assets and undertakings of the Company.

Adjustments

The Notes conversion terms shall be adjusted for any bonus issues or capital reconstructions.

Required disclosure

The following information is provided in accordance with Listing Rule 7.3:

- (a) The maximum number of Series C Notes to be issued is 45,000. The maximum aggregate number of new Shares into which the Series C Notes may be converted is equal to the aggregate Subscription Price for the Series C Notes divided by the conversion price of \$0.30 (currently a maximum of 22,882,500 Shares) and which will only apply where the Series C Notes are converted following a cash takeover offer for 100% of the outstanding issued capital of the Company. This will increase the number of Shares on issue from 107,466,239 to a maximum of 130,348,739 (assuming that no other Options are exercised and no further Shares or Convertible Notes are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate maximum of 21.29%;
- (b) The Series C Notes will be issued not later than 13 March 2019;
- (c) The Notes will be issued to existing holders of Series B Notes;
- (d) The Notes will be issued at a face value of \$152.55 each. Subject to adjustment in accordance with the Series C Note terms (as described above), the Conversion Price is \$0.30 for any Series C Notes converted following a cash takeover offer for 100% of the outstanding issued capital of the Company;
- (e) The terms of the Series C Notes are outlined above. The Notes may be converted to Shares ranking equally with the Company's existing Shares. The Company will apply to ASX for quotation of the new Shares issued on conversion of the Notes;
- (f) No net funds will be retained by the Company through this issue as the funds raised will be applied by way of redemption of Series B Notes; and
- (g) A voting exclusion statement is included in the Notice of Meeting of which this Explanatory Memorandum forms part.

Directors' Recommendation

The Directors of the Company believe that Resolution 10 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 11: 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 11 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 11, 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 11 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 three classes of Equity Securities, Fully Paid Ordinary Shares, Unlisted Options and Series B Notes.

(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 x 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 11 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 11 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).

Required disclosure

Pursuant to and in accordance with Listing Rule 7.3A the following 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 11 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 31 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 Shares in the Company have been suspended from trading on ASX since 30 June 2018 and accordingly, the Current Share Price is the last traded price on that date.

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		
		\$0.08 50% decrease in Current Share Price	\$0.16 Current Share Price	\$0.32 100% increase in Current Share Price
Current Variable A 107,466,239 Shares	10% Voting Dilution	10,746,624 Shares	10,746,624 Shares	10,746,624 Shares
	Funds raised	\$859,730	\$1,719,460	\$3,438,920
50% increase in current Variable A 161,199,359 Shares	10% Voting Dilution	16,119,936 Shares	16,119,936 Shares	16,119,936 Shares
	Funds raised	\$1,289,595	\$2,579,190	\$5,158,379
100% increase in current Variable A 214,932,478 Shares	10% Voting Dilution	21,493,248 Shares	21,493,248 Shares	21,493,248 Shares
	Funds raised	\$1,719,460	\$3,438,920	\$6,877,839

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;
 - No existing Convertible Notes (Series B or C Notes) are converted 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 \$0.16 (16 cents), being the closing price of the Shares on ASX on **30 June 2018**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 11 for the issue of the Equity Securities will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) 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 expense associated with such acquisition) and on the Company's current assets and/or general working capital.
- (e) 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 assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new 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 the 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 states as follows:

Number of equity securities on issue at commencement of 12 month period	113,048,322
Equity securities issued in the prior 12 month period	19,385,426
Percentage of share issues represent of total number of equity securities on issue at commencement of 12 month period	17.15%

* *For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Appendix 1. 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.*

Directors Recommendations

The Directors of the Company believe that Resolution 11 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 11.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 11 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.

However, the entity 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
- 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.

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 11;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 11;

“**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 Genera Biosystems Limited ABN 69 098 663 837;

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

“**Conversion Floor Price**” means the issue price of new Shares issued by the Company pursuant to a capital raising prior to 31 December 2018, being \$0.13;

“**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 Statement**” 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;

“Mezzanine Conversion Price” means the price at which the Company may convert some or all of the aggregate loan amount drawn and accrued interest into ordinary Shares, being \$0.13.

“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 Genera Biosystems 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;

“Schedule” means schedule to the Notice;

“Section” means a section of the Explanatory Statement;

“Share” or **“Ordinary 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; and

“VWAP” means volume weighted average price.

Appendix 1

CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Issue Price	Discount to the Market Price	Total Consideration	Use of Consideration
14/12/2017	6,846,667	FPO	FPO	Conversion of unlisted options issued in accordance with the Company's Employee Share Option Plan	Directors	\$0.15	Nil	\$1,027,000.05	On-going working capital requirements. All funds raised by the issue of these securities have been spent.
Total								\$1,027,000.05	

NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Issue Price	Discount to the Market Price	Current Value (refer Annexure C)	Use of Consideration
20/12/2017	5,038,759	UO	Note 1	Options issued to Directors, as consideration for outstanding Directors' fees pursuant to Resolution 7, 8, 9 and 10 of the Company's 2017 Annual General Meeting	Directors	Nil	Nil	\$173,016	N/A
20/12/2017	975,000	UO	Note 2	Options issued to the CEO and Executive Director of the Company under Mezzanine Facility Loan pursuant to Resolution 5 of the Company's 2017 Annual General Meeting	CEO and Executive Director	Nil	Nil	\$9,152	N/A
20/12/2017	6,525,000	UO	Note 2	Options issued to Mezzanine Facility Lenders pursuant to Resolution 4 of the Company's 2017 Annual General Meeting	Mezzanine Facility Lenders	Nil	Nil	\$61,251	N/A

Glossary

FPO Fully Paid Ordinary Shares
 UO Unquoted Options

Notes

Note 1 Exercisable at \$0.25 (25 cents) expiring on 20 December 2020
 Note 2 Exercisable at \$0.25 (25 cents) expiring on 30 June 2019

ANNEXURE A
TERMS AND CONDITIONS OF MEZZANINE LOAN OPTIONS

The terms and conditions of the options to be issued pursuant to Resolutions 6 and 8 are as follows:

Terms of Options

(a) Entitlement

- (i) Each Option entitles the Option holder to acquire by way of issue, one fully paid 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 are exercisable at any time from the date of issue.
- (ii) The final date and time for exercise of the Options is 5pm (AEDT) on 30 June 2019. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- (iii) 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.
- (iv) Remittances must be made payable to 'Genera Biosystems Limited' and cheques should be crossed 'Not Negotiable'.
- (v) 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.
- (vi) 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

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.

(f) Transfer

Options are freely transferable.

(g) 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:

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

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.

ANNEXURE C
VALUATION OF OPTIONS

The value of the Options in Appendix 1 that were issued during the year for non-cash consideration and approved by Shareholders at the 2017 AGM are set out below.

Using the Black & Scholes option model and based on the assumptions set out below, the Options are ascribed the following value:

Assumptions:	
Valuation date	7 November 2018
Spot price	\$0.16
Exercise price	\$0.25
Expiry date	(25 December 2020)
Risk free rate (Australian 3 year govt bond)	1.95%
Volatility	60.0%
Indicative value per Option	\$0.034337
Total value of 5,038,759 Options (Appendix 1)	\$173,016

Assumptions:	
Valuation date	7 November 2018
Spot price	\$0.16
Exercise price	\$0.25
Expiry date	(30 June 2019)
Risk free rate (Australian 3 year govt bond)	1.95%
Volatility	60.0%
Indicative value per Option	\$0.009387
Total value of 975,000 Options (Appendix 1)	\$9,152

Assumptions:	
Valuation date	7 November 2018
Spot price	\$0.16
Exercise price	\$0.25
Expiry date	(30 June 2019)
Risk free rate (Australian 3 year govt bond)	1.95%
Volatility	60.0%
Indicative value per Related Party Option	\$0.009387
Total value of 6,525,000 Options (Appendix 1)	\$61,251

Note: The valuations noted above are not necessarily the market prices that the Related Party Options could be traded at and they are not automatically the market prices for taxation purposes.

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: 131847

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 11.00 am (AEDT) on Wednesday 12 December 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 Genera Biosystems 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 Genera Biosystems Limited to be held at the offices of Level 22, Tower 5, 727 Collins Street, Melbourne VIC 3008 on Friday, 14 December 2018 at 11.00 am (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 Resolutions 1,7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1,7 and 8 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, 7 and 8 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 7	Approval of issue of Shares to Mr Richard Hannebery to convert Mezzanine Facility Loans provided by Mr Richard Hannebery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Dr Karl Poetter as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval to Issue Options to Mr Richard Hannebery (or his nominee) under Mezzanine Facility Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Richard Hannebery as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of a Variation of Series B Note terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of Proposed Issue of Securities under Series C Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of Shares to financiers in respect of Mezzanine Loan Financing Facility to convert Mezzanine Facility Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Issue Options to Mezzanine Facility Lenders	<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 / / _____