

**PHARMAUST LIMITED**  
**ACN 094 006 023**

**NOTICE OF GENERAL MEETING  
AND  
EXPLANATORY STATEMENT**

For the General Meeting to be held  
on Monday 26 February 2018 at 12:00 pm (WST) at

c/- RSM Australia  
Level 32, 2 The Esplanade  
Perth, WA, 6000

This is an important document. Please read it carefully.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

## TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

### Venue

The General Meeting of the Company will be held at:

c/- RSM Australia  
Level 32, 2 The Esplanade  
Perth, WA, 6000

Commencing  
12:00 pm (WST)  
Monday 26 February 2018

### How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

### Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at on Monday 26 February 2018 at 12:00 pm (WST).

### Voting by Proxy

To vote by proxy, please complete and sign the enclosed proxy form and return by:

- hand to the Company's office at Suite 39, 1 Freshwater Parade, Claremont, WA, 6010;
- post to PO Box 661, Nedlands, WA, 6009;
- email to [sam@pharmaust.com](mailto:sam@pharmaust.com); or
- facsimile to facsimile number +61 8 9467 6111,

so that it is received not later than 12:00 pm (WST) on 24 February 2018.

**PHARMAUST LIMITED**  
**ACN 094 006 023**  
**NOTICE OF GENERAL MEETING**

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Notice is hereby given that the General Meeting of the Shareholders of PharmAust Limited will held at c/- RSM Australia, Level 32, 2 The Esplanade, Perth, WA, 6000, at on Monday 26 February 2018 at 12:00 pm (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

**AGENDA**

**RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES TO UNRELATED PARTIES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the issue of 39,000,000 Shares in respect of a placement to unrelated parties on the terms set out in the Explanatory Statement."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it:

- (a) 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
- (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 2 – APPROVAL FOR RICHARD HOPKINS TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,111,111 Shares to Richard Hopkins or his nominee on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote cast on this Resolution 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 entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **RESOLUTION 3 – APPROVAL FOR ROBERT BISHOP TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 600,000 Shares to Robert Bishop or his nominee on the terms set out in the Explanatory Statement."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by Robert Bishop or his nominee and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution 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 chair of 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 – APPROVAL FOR SAM WRIGHT TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 500,000 Shares to Sam Wright or his nominee on the terms set out in the Explanatory Statement."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by Sam Wright or his nominee and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution 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 chair of 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 – APPROVAL FOR WAYNE BEST TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 400,000 Shares to Wayne Best or his nominee on the terms set out in the Explanatory Statement."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by Wayne Best or his nominee and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution 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 chair of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

## RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS TO ADVISORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to the issue of up to 10,000,000 Options to corporate advisors on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (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 – APPROVAL TO ISSUE OPTIONS TO DR WAYNE BEST

To consider, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue to Dr Wayne Best or his nominee up to 1,250,000 Options on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Short Explanation:** The Company proposes to issue Options to Dr Wayne Best, a Director of the Company as part of his remuneration package. Shareholder approval is required under the ASX Listing Rules and the Corporations Act.

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by the Directors of the Company or any of their associates or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by an allottee 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 Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 23 February 2018 at 4:00 pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board

A handwritten signature in black ink, appearing to be 'S. Wright', written in a cursive style.

Mr Sam Wright  
Non-Executive Director and Company Secretary

Dated: 25 January 2018

**PHARMAUST LIMITED**

**ACN 094 006 023**

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

**1. BACKGROUND TO PLACEMENT AND THE RESOLUTIONS**

In accordance with the Company's ASX announcement of 6 December 2017, the Company intends to place a total of up to 41,611,111 Shares at 4.5 cents per Share in 2 tranches to raise \$1,872,500.

39,000,000 Shares by a tranche 1 placement have already been issued to unrelated parties under the Company's 15% placing capacity and the Company's additional 10% placing capacity (and for which ratification is sought under Resolution 1). 2,611,111 Shares are the subject of the tranche 2 placement. Of the tranche 2 placement, 1,111,111 Shares are to be issued to Richard Hopkins (CEO), an unrelated party (and for which approval is sought under Resolution 2) and 1,500,000 Shares are to be issued to 3 Directors or their nominees (and for which approval is sought under Resolutions 3, 4 and 5). The Directors are related parties.

Approval is sought under Resolution 6 to the issue of up to 10,000,000 Options as part of a corporate fee to be paid to advisors in respect of advising upon and managing the Placement.

**2. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES TO UNRELATED PARTIES**

Resolution 1 seeks Shareholder approval in relation to the issue of 39,000,000 Shares issued to unrelated parties being the tranche 1 placement shares.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity or any additional 10% placement capacity under Listing Rule 7.1A) and shareholders subsequently approve it.

Having obtained Shareholder approval at the Company's Annual General Meeting on 29 November 2017, the Company has an additional 10% placement capacity under Listing Rule 7.1A.

Issues of securities made under Listing Rule 7.1A can also, after they have been made, be ratified under Listing Rule 7.4. This has the effect of refreshing the Company's ability to issue Shares within the additional 10% limit, and restoring the Company's ability to make placements within that limit without the need for shareholder approval.

The Shares in this Resolution have been issued within the Company's combined capacity under Listing Rules 7.1 and 7.1A and the Company seeks Shareholder ratification of the

issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities under Listing Rule 7.1 and Listing Rule 7.1A will be refreshed and it will have flexibility to issue further securities within the full capacities should the need or opportunity arise.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of securities issued was:
  - (i) 23,605,433 Shares under Listing Rule 7.1; and
  - (ii) 15,394,567 Shares under Listing Rule 7.1A.
- (b) The Shares were issued at an issue price of 4.5 cents per Share.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers is a related party of the Company.
- (e) The Company intends to use the funds from the Placement to accelerate clinical development of monepantel and to provide general working capital.

### **3. RESOLUTION 2 – APPROVAL FOR RICHARD HOPKINS TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

Resolution 2 seeks Shareholder approval so that the Company may issue up to 1,111,111 Shares to Richard Hopkins or his nominee as part of the tranche 2 placement shares. He will participate in the Placement on the same terms as the tranche 1 investors.

Shareholder approval is required for the purposes of Listing Rule 7.1 as the Company does not have placement capacity to issue the Shares the subject of this Resolution by reason of the issue of the tranche 1 Shares the subject of Resolution 1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities to issue is 1,111,111 Shares.
- (b) The Shares will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The issue price of the Shares is 4.5 cents each.
- (d) The Shares will be issued to Dr Richard Hopkins or his nominee. Dr Hopkins is CEO of the Company but is not a Director. He is not a related party of the Company.
- (e) The Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds from the Placement to accelerate clinical development of monepantel and to provide general working capital.
- (g) It is intended that the Shares will be issued on one date.



#### **4. RESOLUTIONS 3, 4 AND 5 – APPROVAL FOR DIRECTORS TO PARTICIPATE IN TRANCHE 2 PLACEMENT**

Resolutions 3, 4 and 5 seek Shareholder approval so that the Company may issue Shares to each of Robert Bishop, Sam Wright and Wayne Best or their nominees. Each of Robert Bishop, Sam Wright and Wayne Best are Directors of the Company and are therefore related parties of the Company. They will participate in the Placement on the same terms as unrelated parties.

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Securities will be issued to Robert Bishop or his nominee (Resolution 3), Sam Wright or his nominee (Resolution 4) and Wayne Best or his nominee (Resolution 5).
- (b) The maximum number of securities the Company will issue is 600,000 Shares to Robert Bishop or his nominee (Resolution 3), 500,000 Shares to Sam Wright or his nominee (Resolution 4) and 400,000 Shares to Wayne Best or his nominee (Resolution 5).
- (c) The Shares will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Each of Robert Bishop, Sam Wright and Wayne Best is a Director and is therefore a related party of the Company.
- (e) The Shares will be issued at an issue price of 4.5 cents each and the Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds from the placement to accelerate clinical development of monepantel and to provide general working capital.

The Directors of the Company have resolved that the issue of the securities the subject of this Resolution is on reasonable arms length terms for the Company as the related party will be issued with securities on the same terms as unrelated parties and otherwise on commercial terms. By reason of this, no separate related party approval under the Corporations Act is sought

#### **5. RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS TO ADVISORS**

Resolution 6 seeks Shareholder approval for the issue of up to 10,000,000 Options to corporate advisors in relation to the Placement the subject of Resolutions 1 to 5.

Shareholder approval is required for the purposes of Listing Rule 7.1 as the Company does not have placement capacity to issue the Options the subject of this Resolution by reason of the issue of the tranche 1 Shares the subject of Resolution 1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities to issue is 10,000,000 Options.
- (b) The Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Options will be issued at \$0.0001 per Option.
- (d) The Options will be issued to corporate advisors including Argonaut Securities as part of a corporate fee for the Placement the subject of Resolutions 1 to 5. The corporate advisors are not related parties of the Company.
- (e) The Options have an exercise price of 12 cents and an expiry date of 31 January 2022. The full terms of the Options are set out in Annexure 1.
- (f) The Company intends to use the \$1,000 raised for general working capital.
- (g) It is intended that the issue will occur on one date.

**6. INFORMATION RELATING TO RESOLUTION 7 – APPROVAL TO ISSUE OPTIONS TO DR WAYNE BEST**

Resolution 7 seeks Shareholder approval so that the Company may issue Options to Dr Wayne Best.

**Chapter 2E of the Corporations Act – Related Party Transaction**

The proposed issue of Options to Wayne Best as a Director is a financial benefit to a related party requiring Shareholder approval under the Corporations Act in the absence of a specified exception applying.

The following information is provided to Shareholders in relation to Resolution 4.

**(a) The Related Party to whom the Proposed Resolution would permit the Financial Benefit to be given**

The related party is Wayne Best or his nominees.

**(b) The Nature of the Financial Benefit**

The proposed financial benefit to be given is the issue of up to 1,250,000 Options to Wayne Best or his nominees.

The terms of the Options to be issued are set out in Annexure 2.

**(c) Reasons for giving the benefit and Directors' Recommendation**

The Board currently consists of Dr Roger Aston, Robert Bishop, Dr Wayne Best, and Sam Wright.

Dr Wayne Best is a director of the Company and the managing director of the Company's wholly owned subsidiary, Epichem Pty Ltd. The number of Options to be issued to Wayne Best and the terms of the Options was negotiated by the Directors independent of Wayne Best. The Options are issued under the Option Plan that was approved at the 2014 annual general meeting of the Company and a pre-condition to the issue of the Options was Epichem Pty Ltd achieving audited profit for the financial year ending 30 June 2017 is \$150,000 or more.

The issue of the Options to Wayne Best preserves the cash resources of the Company and is an incentive for performance that further aligns Wayne Best's interests with that of Shareholders. The independent Directors in each case consider that the particular number of Options to be issued is appropriate in light of that Director's skill and experience and their current remuneration as detailed below.

The Board considers the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The independent Directors in each case thereby recommend that Shareholders vote in favour of this Resolution.

Dr Best abstains from making a recommendation to Shareholders on this Resolution as he has a material personal interest in the outcome as the recipient of the Options.

**(d) Dilution**

The passing of this Resolution would have the effect of issuing up to 1,250,000 Options.

If any of the Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the 1,250,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 0.27% based on the total number of Shares on issue after the date of the Meeting and the Consolidation.

The actual dilution will depend on the extent of further equity raised by the Company and whether any of the Options are exercised.

**(e) Total Remuneration Package of Related Party**

The current remuneration package received by Wayne Best is \$150,000 per annum as a salary plus statutory superannuation.

**(f) Existing Relevant Interest**

At the date of this Notice, Wayne Best and his associates have a relevant interest in securities of the Company of 387,432 ordinary shares and 250,000 options.

**(g) Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months. This reflects pricing on a pre-Consolidation basis.

	<b>Date</b>	<b>Closing Price</b>
Highest Price	26 & 29 May 2017	8.5 cents
Lowest Price	5 December 2017	4.6 cents
Latest Price	19 January 2018	6.8 cents

**(h) Valuation of Options**

The Options will not be quoted on ASX.

The Company's independent advisers, BDO Advisory (WA) Pty Ltd, have valued the Options by reference to a standard binomial option pricing model based on the following assumptions:

Input		Note
Underlying security spot price	\$0.074	1
Dividend rate	0%	2
Volatility rate	65%	3
Risk free rate	2.10%	4
Expiry date	31 December 2020	5

Note 1 The underlying security spot price used for the purposes of this valuation is based on the closing price of Shares on the valuation date of 16 January 2018 which was \$0.074.

Note 2 The Company does not have a history of paying dividends and no dividends are expected to be declared or paid over the life of the Options.

Note 3 A volatility rate of 65% has been adopted and is reflective of the future volatility in the Company's Shares. This rate has been calculated by reference to the historical volatility of the Shares of the Company.

Note 4 The risk free rate is 2.10% based on the yield of a Commonwealth Government 3 year bond, being the period which most closely corresponds to the maximum life of the Options. The bond rate is taken as the closing rate on the day prior to the valuation date.

Note 5 The expiry date of the Options is 31 December 2020.

Based on the above assumptions the Options proposed to be issued to Dr Wayne Best or his nominees are valued at \$0.031 per Option (total value - \$38,750).

(i) **Other Information**

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in issuing the Options.

For accounting purposes, the Options will be recognised as an expense.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass this Resolution.

**ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that a company must not issue securities to a director of the

company under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution. If approval is given by shareholders under ASX Listing Rule 10.14, separate shareholder approval is not required under ASX Listing Rule 10.11.

Under this Resolution, the Company seeks approval from Shareholders for the issue of Options to Dr Wayne Best as a Director, who is a related party of the Company. The Options are to be issued under the Option Plan that was approved at the 2014 annual general meeting of the Company.

For the purposes of ASX Listing Rule 10.15, the following information is provided:

- (a) The Options will be issued to Dr Wayne Best (a Director) or his nominees. The terms of the Options to be issued are set out in Annexure 2.
- (b) The maximum number of Options that will be issued to Dr Wayne Best or his nominees is 1,250,000 Options.
- (c) No monetary consideration is payable for the issue of the Options.
- (d) 8,500,000 Options to date have been issued under the Option Plan to various employees of a subsidiary of the Company for no cash consideration. Dr Best has been issued with 250,000 Options. The Options have an exercise price of 16 cents and expiry date of 3 September 2018.
- (e) All the Directors are entitled to participate in the Option Plan.
- (f) No loans will be provided to Directors.
- (g) The Options will be issued no later than 12 months after the date of Shareholder approval.

## **ENQUIRIES**

Shareholders may contact Sam Wright on + 61 408 900 277 if they have any queries in respect of the matters set out in these documents.

**PHARMAUST LIMITED**  
**ACN 094 006 023**

**GLOSSARY**

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In the Notice and this Explanatory Statement the following expressions have the following meanings:

<b>ASX</b>	ASX Limited (ACN 008 624 691).
<b>ASX Listing Rules or Listing Rules</b>	the listing rules of the ASX.
<b>Board</b>	the Board of Directors of the Company.
<b>Chairman</b>	the chairman of the Meeting.
<b>Company or PharmAust</b>	PharmAust Limited (ACN 094 006 023).
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Directors</b>	Directors of the Company from time to time.
<b>Explanatory Statement</b>	this Explanatory Statement.
<b>General Meeting and Meeting</b>	the meeting convened by this Notice.
<b>Notice</b>	notice of meeting that accompanies this Explanatory Statement.
<b>Option</b>	an option to acquire a Share.
<b>Placement</b>	means the placement of Shares the subject of Resolutions 1 to 5 of this Notice.
<b>Resolution</b>	a resolution referred to in the Notice.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a registered holder of Shares in the Company.
<b>WST</b>	Western Standard Time, Perth, Western Australia.
<b>\$</b>	Australian dollars unless otherwise stated.

## ANNEXURE 1

### Terms of Options (Resolution 6)

The terms of the issue of the Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 31 January 2022.
- (c) The exercise price of the Options is 12 cents each.
- (d) The Options will be freely transferable. No application will be made for the Options to be quoted.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share. The Company will process all relevant documents received at the end of every calendar month.
- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

## ANNEXURE 2

### Terms of Options (Resolution 7)

The terms of the issue of the Options are:

1. Each Option entitles the holder to one Share in the capital of the Company.
2. The exercise price of the Options is \$0.08 (8 cents) per Option.
3. The expiry date of the Options is 5.00pm Western Standard Time on 31 December 2020.
4. The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option provided that if Options are exercised in part they must be exercised in multiples of 1,000 on each occasion.
5. The Options are freely transferable. The Company will not apply for quotation of the Options on the ASX.
6. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
7. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
8. There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue or reconstruction. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
9. If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company ("**Bonus Issue**"), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
10. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.



**PHARMAUST LIMITED**  
**ACN 094 006 023**

**PROXY FORM**

**APPOINTMENT OF PROXY**  
**PHARMAUST LIMITED**  
**ACN 094 006 023**

I/We

being a Member of PharmAust Limited entitled to attend and vote at the General Meeting, hereby

Appoint

**Name of Proxy**

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at c/- RSM Australia, Level 32, 2 The Esplanade, Perth, Western Australia on Monday 26 February 2018 at 12:00 pm (WST) and at any adjournment thereof.

**IMPORTANT NOTES**

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of the Resolutions your vote will be cast FOR these Resolutions, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy in respect of the relevant items. **The Chair intends to vote any undirected proxies in favour of all Resolutions.**

**Voting on Business of the General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Ratification of Tranche 1 Placement Shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for Richard Hopkins to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for Robert Bishop to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Sam Wright to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for Wayne Best to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Options to Advisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to issue Options to Dr Best	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Please return this Proxy Form to the Company in accordance with the accompanying instructions.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

**By:**

**Individuals and joint holders**

Signature

Signature

Signature

**Companies (affix common seal if appropriate)**

Director

Director/Secretary

Sole Director and Sole Secretary

## PHARMAUST LIMITED

ACN 094 006 023

### Instructions for Completing Appointment of Proxy Form

1. In accordance with section 249L of the Corporations Act, a Shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of Shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a Company may execute a document without using its common seal if the document is signed by:
  - 2 Directors of the Company;
  - a Director and a Company Secretary of the Company; or
  - for a proprietary Company that has a sole Director who is also the sole Company Secretary – that Director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole Company Secretary of the Company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. Lodgement of Proxy Form
  - hand to the Company's office at Suite 39, 1 Freshwater Parade, Claremont, WA, 6010;
  - post to PO Box 661, Nedlands, WA, 6009;
  - email to [sam@pharmaust.com](mailto:sam@pharmaust.com); or
  - facsimile to facsimile number +61 8 9467 6111,

by at least 48 hours prior to the time of commencement of the Meeting.