

PHARMAUST LIMITED
ACN 094 006 023

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT**

For the Annual General Meeting to be held
on Friday, 25 October 2019 at 11:00 am (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.

For personal use only

TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Company will be held at:

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

Commencing
11:00 am (WST)
Friday, 25 October 2019

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 11:00 am (WST) on Friday, 25 October 2019.

Voting by Proxy

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

Online:

At
www.investorvote.com.au

By Mobile:

Scan the QR Code on your
Proxy form and follow the
prompts

By Mail to:

Computershare Investor
Services Pty Ltd
GPO Box 242
Melbourne, Victoria 3001
Australia

By Facsimile to:

1800 783 447 (within
Australia) or
+61 3 9473 2555 (outside
Australia)

By Hand to:

Computershare Investor
Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, Western Australia
6000

so that it is received not later than 11:00 am (WST) on 23 October 2019.

Proxy forms received later than this time will be invalid.

PHARMAUST LIMITED
ACN 094 006 023
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of PharmAust Limited will be held at C/- RSM Australia Level 32, 2 The Esplanade, Perth, WA, 6000, at 11:00 am (WST) on Friday, 25 October 2019 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

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

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

Voting Exclusion:

A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair 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 entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ROBERT BISHOP

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

"That, for the purpose of rule 7.3(a) of the Constitution and for all other purposes, Mr Robert Bishop, a Director who retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO ALTO CAPITAL 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 ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Unlisted Options in the Company on the terms and conditions set out in the Explanatory Statement."

Voting exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Alto Capital, Tony Locantro or an associate 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 4 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO JP EQUITY AND SPARK PLUS

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

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 500,000 Unlisted Options in the Company on the terms and conditions set out in the Explanatory Statement."

Voting exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of JP Equity and Spark Plus or an associate 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 5 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement."

Voting exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or 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) or an associate of those persons. However, the Company need not disregard a vote cast 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.

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. The Chairman will vote undirected proxies on, and in favour of, all of the proposed Resolutions (including Resolution 1). In relation to Resolution 1, the proxy form expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the Chairman) will not be voted on Resolution 1.
4. 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 October 2019 at 4:00 pm (WST).
5. 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



Mr Sam Wright
Non-Executive Director and Company Secretary

Dated: 19th September 2019

EXPLANATORY STATEMENT

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. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at <http://www.pharmaust.com>.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2019;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

2. INFORMATION RELATING TO RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2019.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting Consequences

Under the Corporations Act, if 25% 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 general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

2.3 **Previous voting results**

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2.4 **Proxy restrictions**

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2019. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. **INFORMATION RELATING TO RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ROBERT BISHOP**

Rule 7.3(a) of the Constitution requires that if the Company has three or more Directors, one third (rounded down to the nearest whole number) of those Directors (except a Managing Director) must retire at each annual general meeting. ASX Listing Rule 14.4 provides that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Robert Bishop was last re-elected on 11 November 2016 and retires in accordance with these provisions and, being eligible, offers himself for re-election as a Director.

Mr Bishop is a non-executive Director of the Company. Details of the qualifications and expertise of Mr Bishop are set out in the 2019 Annual Report of the Company.

The Board recommends the re-election of Mr Bishop as a Director.

4. **INFORMATION RELATING TO RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO ALTO CAPITAL PARTIES**

4.1 **General**

On 26 July 2019, the Company issued 1,000,000 unlisted options with an exercise price of 6.5 cents and expiry date of 30 June 2022 to corporate advisors under the terms of a Corporate Advisory Mandate with Alto Capital.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those securities.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue, or agree to issue, during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue (or any additional 10% placement capacity under ASX Listing Rule 7.1A) at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1 or 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the placement capacities set out in ASX Listing Rules 7.1 or 7.1A without the requirement to obtain prior Shareholder approval.

4.2 **Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the securities:

- (a) 1,000,000 Options were issued;
- (b) the issue price for the Options was \$0.0001 each;
- (c) the securities issued were unlisted Options with an exercise price of 6.5 cents and expiry date of 30 June 2022. The full terms of the Options are set out in Annexure 1;
- (d) the Options were issued under a corporate advisory mandate with Alto Capital being to Alto Capital and Tony Locantro. No Options were issued to any related parties of the Company; and
- (e) no material funds were raised from the issue of the Options.

5. **INFORMATION RELATING TO RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO JP EQUITY AND SPARK PLUS**

5.1 **General**

On 28 August 2019, the Company issued 500,000 unlisted options with an exercise price of 15 cents and expiry date of 30 June 2022 to JP Equity and Spark Plus under the terms of a Corporate Promoter Agreement.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those securities.

Information about ASX Listing Rules 7.1 and 7.4 is set out above in Section 4.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the placement capacities set out in ASX Listing Rules 7.1 and 7.1A without the requirement to obtain prior Shareholder approval.

5.2 **Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the securities:

- (a) 500,000 Options were issued;
- (b) the issue price for the Options was \$0.0001 each;

- (c) the securities issued were unlisted Options with an exercise price of 15 cents and expiry date of 30 June 2022. The full terms of the Options are set out in Annexure 1;
- (d) the Options were issued to JP Equity Partners & Spark Plus No Options were issued to any related parties of the Company; and
- (f) no material funds were raised from the issue of the Options.

6. INFORMATION RELATING TO RESOLUTION 5 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

6.2 Requirements of ASX Listing Rule 7.1A

(a) Eligible entities

An eligible entity for the purposes of ASX 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.

(b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote. A resolution under ASX Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Equity Securities that are quoted on ASX are fully paid ordinary Shares.

(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If this Resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

(AxD)-E

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 280,221,192 Shares on issue as at the date of this Notice. If this Resolution is passed, the Company will be permitted to issue (as at the date of this Notice):

- 42,033,179 Equity Securities under ASX Listing Rule 7.1; and
- 28,022,119 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

6.3 **Information for Shareholders as required by ASX Listing Rule 7.3A**

(a) **Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If this Resolution is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

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

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

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro-rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- 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 ASX Listing Rule 7.1A.2		Dilution		
		7 cents 50% decrease in Issue Price	14 cents Issue Price	28 cents 100% increase in Issue Price
Current Variable A 280,221,192 Shares	10% Voting Dilution	28,022,119 Shares	28,022,119 Shares	28,022,119 Shares
	Funds raised	\$1,961,548	\$3,923,097	\$7,846,193
50% increase in current Variable A 420,331,788 Shares	10% Voting Dilution	42,033,179 Shares	42,033,179 Shares	42,033,179 Shares
	Funds raised	\$2,942,323	\$5,884,645	\$11,769,290
100% increase in current Variable A 560,442,384 Shares	10% Voting Dilution	56,044,238 Shares	56,044,238 Shares	56,044,238 Shares
	Funds raised	\$3,923,097	\$7,846,193	\$15,692,387

This table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- (ii) 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%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is 14 cents, being the closing price of the Shares on ASX on 11 September 2019.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 25 October 2019 (the date of this Meeting) and expires on the earlier of:

- 25 October 2020, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Company's current assets and for general working capital; or
- non-cash consideration for acquisition of new assets and investments or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, a placement or a rights issue;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

The Company has previously obtained Shareholder approval for the Additional Placement Capacity.

Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 25 October 2019) is 82,670,528 Equity Securities, which represents approximately 31.48% of the total number of Equity Securities on issue at 25 October 2018 (12 months before this Meeting).
- The details for the issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:

On 7 February 2019 the Company issued 1,250,000 Shares on conversion of Class A performance rights. The Shares were issued to eligible participants under the Company's employee incentive plan. The Shares were issued at nil issue price. The current value of the 1,250,000 Shares is \$175,000 (at a Share trading price of 14 cents on 11 September 2019).

On 26 March 2019 the Company issued 52,384,851 Shares pursuant to the non-renounceable Rights Issue announced on 18 February 2019. The Shares were issued at 2.5 cents per Share to raise \$1,309,621 being a discount to the then market price of 3.5 cents and \$1,309,621 remains to be used on the Company's projects and general working capital.

On 11 April 2019 the Company issued 27,535,677 Shares under a placement of shortfall from the non-renounceable Rights Issue announced on 18 February 2019. The Shares were issued at 2.5 cents per Share to raise \$688,392 being a discount to the then market price of 3.6 cents and \$688,392 remains to be used on the Company's projects and general working capital.

On 26 July 2019 the Company issued 1,000,000 Options to corporate advisors including Alto Capital under the terms of a Corporate Advisory Mandate. The Options have an exercise price of 6.5 cents and an expiry date of 30 June 2022. The Options were issued for a price of \$0.0001 per Option. The total cash consideration of \$100 has not been spent and is part of the Company's working capital. The current value of the options is 11 cents per Option in accordance with a Black and Scholes valuation.

On 28 August 2019 the Company issued 500,000 Options to JP Equity Partners and Spark Plus under the terms of a Corporate Promoter Agreement. The Options have an exercise price of 15 cents and an expiry date of 30 June 2022. The Options were issued for a price of \$0.0001 per Option. The total cash consideration of \$50 has not been spent and is part of the Company's working capital. The current value of the options is 9 cents per Option in accordance with a Black and Scholes valuation.

(g) **Voting exclusion**

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 a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

ENQUIRIES

Shareholders may contact Sam Wright on +61 8 9202 6814 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

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

Additional Placement Capacity	the capacity to issue Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.
Annual General Meeting and Meeting	the meeting convened by this Notice.
ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	the listing rules of the ASX.
Board	the Board of Directors of the Company.
Chairman	the chairman of the Meeting.
Company or PharmAust	PharmAust Limited (ACN 094 006 023).
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	Directors of the Company from time to time.
Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Statement	this Explanatory Statement.
Notice	notice of meeting that accompanies this Explanatory Statement.
Option	an option to acquire a Share.
Resolution	a resolution referred to in the Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares in the Company.
WST	Western Standard Time, Perth, Western Australia.
\$	Australian dollars unless otherwise stated.

ANNEXURE 1 – TERMS OF OPTIONS

(Resolution 3)

1. Each Option entitles the holder to subscribe for one (1) Share.
2. The Options are exercisable at any time prior to 5.00pm WST, 30 June 2022 ("**Expiry Date**") and any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price is 6.5 cents per Share.
4. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the exercise price in cleared funds.
7. Within 10 business days of receipt of the Exercise Notice accompanied by the exercise price, the Company will issue the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.
8. The Options are not transferable except with the prior written consent of the Board of Directors of the Company.
9. All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
10. The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 business days after the date of issue of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the exercise price of the Options on issue will be changed in accordance with the formula prescribed in the Listing Rules.
13. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

ANNEXURE 2 – TERMS OF OPTIONS

(Resolution 4)

1. Each Option entitles the holder to subscribe for one (1) Share.
2. The Options are exercisable at any time prior to 5.00pm WST, 30 June 2022 ("**Expiry Date**") and any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price is 15 cents per Share.
4. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the exercise price in cleared funds.
7. Within 10 business days of receipt of the Exercise Notice accompanied by the exercise price, the Company will issue the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.
8. The Options are not transferable except with the prior written consent of the Board of Directors of the Company.
9. All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
10. The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 business days after the date of issue of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the exercise price of the Options on issue will be changed in accordance with the formula prescribed in the Listing Rules.
13. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

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Need assistance?

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

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (WST) Wednesday, 23 October 2019.**

Proxy Form

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

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

Lodge your Proxy Form:

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 182899

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/we being a member/s of PharmAust 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 PharmAust Limited to be held at C/- RSM Australia, Level 32, 2 The Esplanade, Perth, Western Australia on Friday, 25 October 2019 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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

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
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Robert Bishop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of Options to Alto Capital parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of Options to JP Equity Partners and Spark Plus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of additional Placement Capacity	<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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

