



## **Phosphagenics Limited**

ABN 32 056 482 403

### **Notice of 2015 Annual General Meeting**

**and**

### **Explanatory Memorandum**

**The Annual General Meeting is to be held on Monday 18 May 2015 at 3.00 p.m.  
in the Conference Rooms at the RACV, 501 Bourke Street, Melbourne, Victoria, Australia**

#### **Important Notice**

**Shareholders who opted in writing to receive a printed Annual Report will have received it.  
All shareholders can view the Annual Report either by visiting the Company's website at:  
[www.phosphagenics.com](http://www.phosphagenics.com)**

**OR**

**by visiting the Company's webpage on the ASX website under the ASX Security Code "POH"**

#### **THIS IS AN IMPORTANT DOCUMENT**

**If you are in doubt as to the action you should take, please consult with your stockbroker, solicitor,  
accountant, bank manager or other professional adviser immediately**

# Phosphagenics Limited

ABN 32 056 482 403

## Notice of Annual General Meeting

Notice is given that the 2015 Annual General Meeting of Phosphagenics Limited (**Company**) will be held on:

Date : Monday, 18 May 2015

Time : 3.00 p.m.

Venue : in the Conference Rooms at the RACV, 501 Bourke Street, Melbourne, Victoria, Australia

### ORDINARY BUSINESS

#### 1 Financial Statements and Reports

To receive and consider the Consolidated Financial Report and the Reports of the Directors and of the Auditor for the financial period ended 31 December 2014 which are contained in the 2015 Annual Report.

#### 2 Election of Directors

**Resolution 1(a)** - To consider and, if thought fit, pass the following resolution:

**Mr Lawrence Gozlan**

*“That Mr Gozlan, a Director retiring by rotation in accordance with Clause 58 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, be re-elected as a Director of the Company”.*

**Resolution 1 (b)** - To consider and, if thought fit, pass the following resolution:

**Dr Greg Collier**

*“That Dr Greg Collier, a Director appointed during the year and retiring in accordance with Clause 57 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, be elected a Director of the Company.”*

**Resolution 1(c)** - To consider and, if thought fit, pass the following resolution:

**Mr Peter A Lankau**

*“That Mr Peter Lankau, a Director appointed during the year and retiring in accordance with Clause 57 of the Constitution of the Company and the Listing Rules of ASX Limited, being eligible and having offered himself for re-appointment, be elected a Director of the Company.”*

### **3 Adoption of Remuneration Report**

**Resolution 2** - To consider and, if thought fit, pass the following resolution:

*“That the Remuneration Report of the Company for the financial period ended 31 December 2014 as disclosed in the Directors’ Report be adopted”.*

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

### **SPECIAL BUSINESS**

#### **4 Change of Company Name**

**Resolution 3** - To consider and, if thought fit, pass the following resolution as a special resolution:

*“That, for the purposes of section 157 of the Corporations Act 2001 (Cth) and for all other purposes, the Company change its name from Phosphagenics Limited by adopting the new name Alyptus Biotechnology Limited”.*

#### **5 Adoption of a Conditional Rights Plan**

**Resolution 4** - To consider, and if thought fit, to pass the following resolution:

*“That, for the purpose of Exception 9 of ASX Listing Rule 7.2 and for all other purposes, approval be given for the introduction of the Company’s Employee Conditional Rights Plan (Plan)”.*

#### **6 Grant of Conditional Rights to Dr R Murdoch**

**Resolution 5** - To consider, and if thought fit, to pass the following resolution:

*“That, for the purposes of Listing Rule 10.14 of the Listing Rules, the Corporations Act 2001 (Cth) and for all other purposes, approval be given for the grant of conditional rights (**Rights**) to Dr Ross Murdoch under the Plan and, on exercise of those Rights, the issue or delivery of ordinary shares to Dr Murdoch in the number determined, and otherwise, in accordance with the terms of the Plan and summarised in the Explanatory Statement accompanying and forming part of this Notice of Meeting”.*

#### **7 Approval of the Issue of Rights on Accelerated Event and Payment of Future Termination Benefit to Dr Ross Murdoch**

**Resolution 6** - To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That for the purposes of sections 200B and 200E of the Corporations Act, approval be given for the Company to provide the benefits to Dr Murdoch (details of which are set out in the Explanatory Statement accompanying and forming part of this notice of meeting) arising from his participation in the Plan and the receipt, vesting and exercise of Rights acquired under the Plan or arising from any other contractual arrangements with the Company in connection with any future termination of employment or office as a director of the Company.”*

Dated: 13 April 2015

### **BY ORDER OF THE BOARD**

Mourice Garbutt  
Company Secretary

## NOTES:

### 1 Proxies

A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specific proportion or number of the member's voting rights. If no proportions are specified, each proxy may exercise half the available votes. Fractions of votes are to be disregarded. A proxy need not be a member of the Company. A proxy may be an individual or a body corporate.

If members wish to appoint one proxy, please use the form provided. If members wish to appoint two proxies please follow the instructions set out on the reverse side of the proxy form.

To be effective, a proxy form and an original or certified copy of the authority (if any) under which it is signed may be lodged with the Company's Share Registrar as follows:

**By hand or by post** at the Share Registry with Computershare Investor Services Pty Limited  
452 Johnston Street, Abbotsford, Vic 3067, Australia or by post- GPO Box 242, Melbourne, Vic, 3001,  
Australia; or

**By Facsimile:** within Australia 1800 783 447 OR outside Australia + 61 3 9473 2555; or

**Online** at: [www.investorvote.com.au](http://www.investorvote.com.au) and for Intermediary Online Subscribers only (custodians)  
[www.intermediaryonline.com](http://www.intermediaryonline.com);

**Enquiries** call: within Australia 1300 850 505 or outside Australia + 61 3 9415 4000

All proxy forms must arrive (in either case) no later than 3.00 p.m. (Melbourne time) on Saturday 16 May 2015.

### 2 Corporate Shareholders, Proxies and Attorneys

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

Corporate shareholders and proxies wishing to appoint a representative to attend and vote at the meeting on their behalf must provide the representative with:

- (a) a properly executed letter or certificate authorising the person to act as the corporate shareholder's or proxy's representative; or
- (b) a copy of the resolution of the corporate shareholder or proxy appointing the representative, certified by a secretary or director of the shareholder or proxy.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by Computershare at the address listed above for the receipt of proxy appointments by no later than 11.00 a.m. (Melbourne time) on Monday 11 May 2015.

### 3 Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement. The Explanatory Statement forms part of the notice of meeting.

#### 4 Voting Entitlements

The Board of Directors of the Company, pursuant to Section 1074E(2)(g) of the *Corporations Act 2001*, Regulation 7.11.37 of the *Corporations Regulations 2001* and ASX Settlement Operating Rule 5.6.1, and as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the Register of Members at 7.00 p.m. (Melbourne time) on 16 May 2015.

On a show of hands, every person present and qualified to vote will have one vote. If members appoint one proxy then that proxy may vote on a show of hands. However, if members appoint two proxies, neither may vote on a show of hands.

If members appoint a proxy who is also a shareholder or also a proxy for another shareholder, your directions may not be effective on a show of hands. However, upon a poll and upon your proxy voting on the poll then your voting direction will be fully counted. Should a poll be taken then the Company's external Auditor, BDO, will act as scrutineer.

#### 5 Voting Exclusion and Restriction Statements

There are no voting exclusions in relation to Resolutions 1 (a) –1 (c) and 3.

Voting exclusions apply in relation to voting on the Resolution 2 (Remuneration Report); Resolution 4 (Adoption of Conditional Rights Plan); Resolution 5 (Issue of Securities to Dr R Murdoch) and Resolution 6 (Approval of the Issue of Rights on Accelerated Event and Payment of Future Termination Benefit to Dr Ross Murdoch).

#### 6 Voting exclusions in relation to voting on the Remuneration Report (resolution 2)

The Company will disregard all votes cast on the resolution to adopt the Remuneration Report (resolution no. 2) by or on behalf of;

- (a) a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); and
- (b) a closely related party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on the resolution by a KMP or a closely related party of a KMP if:

- (a) the vote is cast as a proxy;
- (b) the proxy:
  - (i) is appointed by writing that specifies how the proxy is to vote on the resolution; or
  - (ii) is the chair of the meeting and the appointment of the chair as proxy:
    - (A) does not specify the way the proxy is to vote on the resolution; and
    - (B) expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company; and
- (c) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include directors (both executive and non-executive) and certain senior executives.

A closely related party of a member of key management personnel is defined as:

- (a) a company the member controls;
- (b) the member's spouse, child or dependant or a child or dependant of the member's spouse; or
- (c) anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company must disregard.

The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the Chairman as their proxy and to authorise the Chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

**7 Voting exclusions in relation to voting on the Adoption of a Conditional Rights Plan (resolution 4) and the Grant of Conditional Rights to Dr R Murdoch (resolution 5)**

The Company will disregard all votes cast on resolutions 4 and 5 by all Directors and their associates.

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

**8 Voting exclusions in relation to voting on the Approval of the issue of Rights on Accelerated Event and Payment of Future Termination Benefit to Dr Ross Murdoch (resolution 6).**

The Company will disregard all votes cast on resolution 6 by Dr Ross Murdoch and any of his associates.

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

**9 Undirected Proxies**

The chairman of the Company will chair the meeting.

If the appointment of the proxy specifies the way the proxy is to vote on the resolution the Chairman will vote in accordance with that direction. If the appointment of the proxy does not specify the way the proxy is to vote, subject to the instructions in this document and any applicable voting restrictions, the Chairman will vote **in favour** of each resolution.

The Company recommends that shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

## **10 Voting – General Comment**

Each resolution will be moved, and then will be open to the meeting for discussion.

Following the completion of discussion the Chairman will inform the meeting of the details of the valid proxy voting received by the Company. The resolutions will then be put to the vote.

## **11 Questions and Comments by members and proxyholders at the meeting**

A reasonable opportunity will be given to members and proxy holders to ask questions about or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders and proxy holders to ask the Company's external Auditor, PricewaterhouseCoopers, questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditors' Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to PricewaterhouseCoopers (PwC) via the Company, no later than 5 business days before the meeting, if the question is relevant to the content of the PwC Audit Report or the conduct of its audit of the Company's Financial Report for the financial period ended 31 December 2014.

Relevant written questions for PwC must be received no later than 5.00 p.m. (Melbourne time) on Monday, 11 May 2015. A list of those relevant written questions will be made available to shareholders attending the meeting. PwC will either answer the questions at the meeting or table written answers to them at the AGM. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

Please send any written questions for PwC to the Company at the address on the proxy form of:

Phosphagenics Limited  
11 Duerdin Street, Clayton, Victoria, 3168

or by facsimile (+61 3) 9565 1151 or

or by email to [mgarbutt@krcc.com.au](mailto:mgarbutt@krcc.com.au)

by no later than 5.00 p.m. (Melbourne time) on Monday 11 May 2015.

## Explanatory Statement

***This Explanatory Statement accompanies and forms part of the  
Notice of Annual General Meeting dated 13 April 2015***

### ORDINARY BUSINESS

#### **Item 1 - Receive and Consider the Financial and Other Reports**

The *Corporations Act 2001* (Cth) requires the Financial Report, Director' Report and Auditors Report to be laid before the Meeting. However, there is no requirement for the shareholders to vote on, approve or adopt these Reports. Shareholders will be given an opportunity to ask questions with respect to these reports.

Shareholders have been provided with all relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 31 December 2014. A copy of the Annual Report has been forwarded or made available to each Shareholder. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

Shareholders should note that the sole purpose of tabling the financial statements of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements at the Meeting. It is not the purpose of the meeting that the financial statements be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt the Company's financial statements will be put to the shareholders at the meeting.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company.

It is proposed that the Company's auditors will be present at the meeting. Shareholders present at the meeting will be allowed a reasonable opportunity to ask the auditors questions relevant to:

- the conduct of the audit
- the preparation and content of the auditor's report
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditors in relation to the conduct of the audit

#### **Item 2(a) - Election of Directors (Resolution 1(a) – Election of Mr Lawrence Gozlan)**

Details of the Directors seeking election and all other Directors are contained in the 2015 Annual Report.

#### **Election of Mr Lawrence Gozlan as a Director**

##### ***Information about Mr Gozlan***

Mr Gozlan has been a leading fund manager and analyst in the Australian biotech sector over the past decade. He is the Chief Investment Officer and founder of global investment fund Scientia Capital, which specialises in managing investments for domestic and international institutional investors in the life science sector. Prior to this Mr Gozlan was the biotech analyst for QIC, the largest Australian institutional investor in life sciences at the time.

Mr Gozlan holds current directorships in other listed entities - Oncosil Medical Limited and Prana Biotechnology Limited. In 2013 Mr Gozlan was appointed to the Board of AusBiotech Ltd, Australia's main life sciences industry body.



Although Mr Gozlan was only elected as a Director on 23 May 2014, and has therefore held office for less than one year (and less than the period specified in Rule 58.4 of the Company's Constitution as the maximum period that a Director may hold office before seeking re-appointment), Listing Rule 14.5 requires the Company to hold an election of such number of Directors each year that is closest (but does not exceed) one third. Mr Gozlan is retiring and offering himself for re-election as a Director.

#### **Directors' Recommendations**

The Directors (Mr Gozlan abstaining) unanimously recommend that members vote in favour of the re-election of Mr Gozlan.

### **Item 2(b) - Election of Directors (Resolution 1(b) – Election of D Greg Collier)**

#### **Election of Dr Greg Collier as a Director**

##### ***Information about Dr Collier***

**Dr Greg Collier** is currently the CEO of ASX listed company Invion Ltd, has more than 20 years' experience spanning operational, clinical and scientific aspects of pharmaceutical research, development and commercialisation. He has executed multiple commercial transactions and has successfully taken a drug from discovery through to regulatory approval.

Dr Collier steered ChemGenex Pharmaceuticals from a research-based company with a market capitalisation of \$10M to a company that completed clinical trials and submitted regulatory dossiers to the FDA and EMA. In 2011, ChemGenex was sold to Cephalon for \$230M.

During Dr Collier's distinguished academic career, before entering the commercial world, he published over 150 peer reviewed articles, as well as having senior authorship on 33 patents. Dr Collier was the inaugural Alfred Deakin Professor at Deakin University and also held positions at the University of Melbourne, Monash University and the University of Toronto. In 2010, Dr Collier was awarded the Roche Award of Excellence for his contribution to the biotechnology industry

Dr Collier was appointed as a Director by the Board on 13 April 2015. In accordance with Clause 57 of the Company's Constitution, Dr Collier retires and offers himself for re-election.

#### **Directors' Recommendations**

The Directors (Dr Collier abstaining) unanimously recommend that members vote in favour of the re-election of Dr Collier.

### **Item 2(c) - Election of Directors (Resolution 1(c) – Election of Mr Peter A Lankau)**

#### **Election of Mr Peter Lankau as a Director**

##### ***Information about Mr Lankau***

**Mr Peter Lankau** served as the Chief Executive Officer (CEO) of Endo Pharmaceuticals Inc. from 2005 to 2008 and as Chief Operating Officer from 2003 to 2005. From 2000 to 2003, he served as Senior Vice President of U.S. Business. Endo is a US based Pharmaceutical Company which has over recent years been one of the largest companies commercialising drugs in the pain industry. Endo's product range includes Lidoderm (lidocaine), Percodan (oxycodone with aspirin), Opana (oxymorphone) and Voltaren Gel (diclofenac) licensed from Novartis.

In recent years Mr Lankau has served on multiple company boards including Nautilus Neuroscience Inc which in 2013 sold the assets of that company, including its oral diclofenac product to DepomedInc for over \$50 million.

Mr Lankau was appointed as a Director by the Board on 13 April 2015. In accordance with Clause 57 of the Company's Constitution, Mr Lankau retires and offers himself for re-election.

#### **Directors' Recommendations**

The Directors (Mr Lankau abstaining) unanimously recommend that members vote in favour of the re-election of Mr Lankau.

### Item 3 - Adoption of the Remuneration Report (Resolution 2)

The Company must put to a vote a resolution to adopt the Remuneration Report as disclosed in the Directors' Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Directors' Report must include a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and other key management personnel. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report of the Company for the financial period ended 31 December 2014 is set out in pages 30 to 39 of the Directors' Report as incorporated in to the Company's 2015 Annual Report.

The vote on this resolution is advisory only and non-binding. However, if at least 25% of the votes cast on the resolution are voted against the Remuneration Report at the meeting, then:

- (a) if comments are made on the report at the meeting, the Company's Remuneration Report for the following financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- (b) if at the following year's annual general meeting, at least 25% of the votes cast on the resolution for the adoption of the Remuneration Report for that year are against adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors (other than the managing director, if any) will cease to hold office at a subsequent general meeting (**Spill Meeting**), unless re-elected at that meeting; such meeting to be held within 90 days of the Annual General Meeting (AGM) that passed the Spill Resolution.

If at the Spill Meeting, the resolutions are all passed against re-electing the relevant directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 directors. After the managing director, the remaining two positions will be filled by the directors whose re-election resolutions at the Spill Meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two directors, the Managing Director and any other director whose re-election has been confirmed at the Spill Meeting, can choose who is to become the third director, with such appointment to be confirmed by shareholders at the AGM following the Spill Meeting.

The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting. As noted above the Remuneration Report is set out in the Company's 2015 Annual Report at pages 30 to 39.

The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to directors, secretaries and senior managers within the Phosphagenics Limited group;
- discusses the link between the Board's policies and the Company's performance;
- provides a detailed summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- identifies the companies that the Company's performance is measured against for the purpose of its long term incentive plan;
- sets out remuneration details for each director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

At the 2014 Annual General Meeting of shareholders the Remuneration Report for the financial year ended 31 December 2013 was adopted with less than 25 per cent of votes cast being against the adoption of the Remuneration Report.

## Directors' Recommendation

### *Remuneration Report*

The Directors unanimously recommend that shareholders vote in favour of Resolution no. 2. The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution No. 2.

#### **Item 4 – Approval for Change of Name (Resolution 3) – Special Resolution**

The Company wishes to change its name from its current name "Phosphagenics Limited" and adopt the new name "Alyptus Biotechnology Limited".

The Directors, as part of an overall review of the way forward for the development and commercialization of the Company's unique and patented drug delivery system and following a global review undertaken by Management, consider that it is in the best interests of the Company to change the name, and the associated branding of the Company, to Alyptus Biotechnology Limited to globally and clearly emphasise the Company's participation in the biotechnology sector.

In relation to the current name of 'Phosphagenics' the review undertaken by Management highlighted:

- that the security/ticker code of "POH" had numerous connotations;
- there was confusion about the correct spelling of Phosphagenics – especially phonetically; and
- separation from former CEO controversy.

If shareholders approve Resolution 3 the Company will immediately apply to ASIC to change the details of the Company's registration to the reserved name of "Alyptus Biotechnology Limited"; ASIC must change the Company's name by altering the details of the Company's registration. Subject to the shareholder approval and the registration of the change in name by ASIC, the Company has reserved with ASX Limited the security code of: "AYP".

A resolution to change the name of the Company under section 157 of the Corporations Act must be passed as a special resolution, by 75% of votes cast on the Resolution being cast in favour of the Resolution.

## Directors' Recommendation

### *Change of Name*

The Directors unanimously recommend that shareholders vote in favour of Resolution 3 to approve the change of Company name.

The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution 3.

#### **Item 5 – Adoption of Conditional Rights Scheme (Resolution 4)**

### **1.1 Introduction**

The Board is proposing to implement a conditional rights scheme to be known as the Phosphagenics Limited Employee Conditional Rights Scheme (**Scheme**) under which present and future eligible employees (**Participants**) may be granted Rights (to acquire Shares at no cost).

The purpose of the Scheme is to provide a long term incentive to staff (as part of a focus to more closely link overall remuneration to the achievement of performance benchmarks), to encourage direct involvement and interest in the performance of the Company and to enable the acquisition of a long term equity interest in the Company by its staff.

All employees, including executive and non-executive Directors, and any individual whom the Board determines to be an eligible participant for the purposes of the Scheme, are eligible to participate in the Scheme.

## 1.2 Shareholder Approval - ASX Listing Rule 7.1

Except in certain limited circumstances (refer ASX Listing Rule 7.2), under Listing Rule 7.1, a listed company must not, without the approval of its Shareholders, issue more than 15% of its equity securities in any 12 month period.

Exception 9 in ASX Listing Rule 7.2 provides that an issue of securities (e.g. the issue of the Rights under the Scheme) under an employee incentive plan (e.g. the Scheme) to Participants will be treated as an exception to Listing Rule 7.1 if, within 3 years before the date of the grant of the securities, the shareholders of the listed company have approved the issue of the securities pursuant to the relevant employee incentive plan as an exception to Listing Rule 7.1. It is for the purpose of enabling the Company to exclude the issue of the Rights under the Scheme from the 15% limit in any 12 month period under Listing Rule 7.1 that Resolution 4 is proposed.

In that context, Shareholders should note that the Listing Rules do not require the Company to obtain Shareholder approval of the Scheme itself.

Rights equivalent to up to 5% of the issued capital of the Company have been reserved for issue under the Scheme (to present and future Participants). The Board believes the number of Rights reserved for issue under the Scheme is appropriate considering the Company's need to attract and retain quality staff. In that context, it is acknowledged that, if the total number of Rights reserved under the Scheme is issued and all performance conditions are successfully achieved, the issue and exercise of the Rights will dilute the interests of all existing Shareholders.

## 1.3 Summary of the Scheme Terms

### (a) What is the Scheme?

The Scheme has been established for the purpose of offering Rights to Participants that, on satisfaction of the exercise conditions (**Milestones**), if any, attaching to the Rights, will entitle the holder to require the Company to issue Shares to him or her.

For each issue of Rights under the Scheme, it is intended that the exercise of the Rights will be conditional on the Company or the individual holder satisfying certain Milestones (to be determined by the Board at the time of issue of the Rights). On each Milestone being achieved, the Participant will be entitled to exercise up to an agreed number of their Rights. On exercise of the Participant's Rights, the Company will issue Shares (at no cost or an agreed price (as the case may be)) to the Participant.

In each case, there will be a final date for exercise of the Rights.

Participants will not generally be required to make any payment for either the Rights or, on exercise, the resulting Shares. There is no stamp duty or brokerage applicable to or arising from the issue of the Rights or Shares (on exercise of the Rights).

### (b) Who is eligible to participate?

All employees and Directors (executive and non-executive) who have a minimum of 6 months service with the Company will be eligible to participate in the Scheme and may be made an offer of Rights under the Scheme. In order to accept an offer of Rights and be granted Rights, the Participant must remain an employee or an executive or non-executive director of the Company (as the case may be).

### (c) How are the Rights exercised?

The Company will advise the Participant of the date that each of the conditions precedent to the exercise of the Rights is satisfied. On receipt of that notification, the percentage (as noted in the terms of issue of the Rights) of the total number of Rights allocated to the Participant may be exercised. The Participant may exercise some or all of those Rights by notice in writing to the Company requesting it issue to the Participant one Share for each Right exercised. Any payment that is required on exercise of the Rights must be made at that time.

(d) Who is the Shareholder?

On exercise of a Right, the Participant will receive full legal ownership of the resulting Shares. However, as noted below, the Shares may continue to be subject to transfer restrictions (to be implemented by the use of holding locks) and forfeiture conditions.

(e) Are there Transfer Conditions on the Shares?

The Scheme provides that, unless otherwise agreed by the Board at the time of issue, that, despite exercise by the Participant of his / her Rights, the Participant will not be able to transfer his / her Shares until the earlier of the date the Participant ceases employment with the Company (excluding circumstances where the Participant's Shares are forfeited under the Scheme) or 1 July in the second financial year following the year in which the Participant exercise his / her Rights. For example, if a Participant exercises his / her Rights in May 2016, the resulting Shares will be transfer restricted until 1 July 2017.

(f) Other Rights

Participants will be entitled (at their discretion) to vote the Shares issued on exercise of the Rights. The Rights themselves do not carry any voting entitlement. If the Rights are exercised, the relevant Participants will also be entitled to participate in any bonus or rights issues (should they occur).

(g) Can the Participant sell the Shares?

If Shares are issued to a Participant, the Participant may transfer or otherwise deal with his / her Shares:

- if there are no remaining conditions or transfer restrictions attaching to the Shares, i.e. those conditions/transfer restrictions have been satisfied or waived;
- if the Participant is fully entitled to the Shares and the Participant ceases to be employed by the Company; or
- the Board, in its absolute discretion, permits the Participant to transfer or deal with the Shares (for example, if there are Special Circumstances).

(h) Leaving Employment - Prior to satisfaction of any Milestones

Subject to the forfeiture provisions below, if the Participant elects to participate in the Scheme, but ceases to be employed by the Company before any of the Milestones attaching to the Rights are satisfied, the Participant's entitlement to the Rights will lapse and all rights to require that Shares be issued to the Participant in respect of those Rights will cease.

(i) Leaving Employment - Following satisfaction of one or more Milestones

Subject to the forfeiture provisions below, if the Participant ceases employment with the Company before all the Milestones attaching to the Rights are satisfied, the percentage of the Rights that have not vested (i.e. those Rights in respect of which the Milestones for exercise have not been satisfied) will lapse and all rights to require Shares be issued to the Participant in respect of those Rights will cease. The Participant will not be entitled to any compensation in respect of those Rights which are forfeited. The Rights that have already vested at that time may be exercised.

If the Participant ceases employment with the Company after all of the Milestones attaching to the Rights are satisfied, the Participant will be permitted to retain all Rights allocated to the Participant and to exercise those Rights or, if the Rights have already been exercised, withdraw the resulting Shares from the Scheme and deal with them as the Participant wishes.

If the Participant ceases to be employed by the Group as a result of death or other Special Circumstances (which includes total and permanent disablement, redundancy and such other circumstances that the Board determines to be 'special'), the Participant (or in the event of death, the Participant's legal personal representative) may be permitted to retain the Rights allocated to the Participant and, if the conditions attaching to those Rights are later satisfied, the Participant may exercise those Rights and transfer / deal with the Shares issued to them (**Accelerated Event**).

(j) Forfeiture

The Board may determine that the Participant's Rights and/or Shares (as the case may be) are to be forfeited (and, therefore, the Participant's ownership rights in those Rights / Shares lost) if:

- the Participant has a judgment entered against them in any criminal or civil proceedings in respect of the Participant's duties in their capacity as an officer or employee of the Group;
- in the Board's opinion, the Participant has acted in a manner which has brought the Company into disrepute; or
- in the Board's opinion, the Participant has committed an act of fraud, dishonesty or gross misconduct in relation to the affairs of the Company (whether or not the Participant is charged with an offence) or any act of harassment or discrimination or seriously breached any duty to the Company.

In all cases, all Rights / Shares will be liable to be forfeited (including Rights / Shares that have vested). The Participant will not be entitled to any compensation in respect of Rights or Shares which are forfeited.

### Directors' Recommendation

#### *Adoption of a Conditional Rights Scheme*

The Directors unanimously recommend that shareholders vote in favour of Resolution 4 to approve the adoption of an Employee Conditional Rights Scheme.

The Chairman has informed the Board that he intends to vote any open and available proxies given to him in favour of Resolution 4.

#### **Item 6 – Issue of Securities under the Conditional Rights Plan to Dr R Murdoch (Resolution 5)**

Under ASX Listing Rule 10.14, no director can acquire securities under an employee incentive scheme without shareholder approval.

Resolution 5 is put to Shareholders for the purpose of approving the participation by Dr Murdoch in the CRP.

The Company is seeking the approval of Shareholders in Resolution 5 to allocate to Dr Murdoch up to 15,000,000 Conditional Rights (which may vest in accordance with the criteria set out below), in the Company, as detailed below.

If approved, the Conditional Rights will be issued to Dr Murdoch as soon as practical following Shareholder approval and expected by no later than 31 May 2015.

| Conditional Rights to be granted | Vesting (Performance) Period                     |
|----------------------------------|--|
| 15,000,000                       | Refer to the vesting criteria / Milestones below |

Testing in respect of a Performance Period will be undertaken as soon as practical after the end of that Performance Period.

### Justification and Reasonableness

#### **Conditional Rights Offered**

In January 2015 the Board of Directors announced the appointment of Dr Ross Murdoch as the Chief Executive Officer of Phosphagenics Limited.

As part of the terms of his appointment it was agreed that Dr Murdoch would be granted 15,000,000 Rights under the Company's Conditional Rights Scheme and, upon exercise of those Rights in accordance with the Milestones, the acquisition of 15,000,000 Shares (for nil cash consideration).

If approved by Shareholders, the Rights would be granted pursuant to the terms and conditions of the Scheme on or about 31 May 2015. The initial Rights to be issued under the Scheme will expire on 30 June 2018.

Exercise of the Rights by Dr Murdoch will be conditional on the Company achieving the following conditions:

| Milestones   | Percentage of the total number of Rights that vest and are able to be exercised on the Milestone being satisfied |
|--|--|
| <p><b>Milestone 1</b> (to be satisfied by 31 December 2015):</p> <ol style="list-style-type: none"> <li>(1) Completion of the treatment phase of a Phase 2a clinical trial of the TPM<sup>®</sup>/Oxycodone patch;</li> <li>(2) Submission of a US IND for the TPM<sup>®</sup>/Oxymorphone patch;</li> <li>(3) Completion of the treatment phase of a clinical trial for the TPM<sup>®</sup>/Oxymorphone patch providing efficacy data in pain patients;</li> <li>(4) Selection of a new priority molecule and demonstration of its transdermal delivery incorporating TPM technology– (new defined as not identified as a POH priority publically as of January 2015);</li> <li>(5) Gross revenues during 2015 from the sale of products containing TPM<sup>®</sup>, or commercialisation (through sale, licensing or joint venture) of the Company's TPM<sup>®</sup> technology, of not less than A\$6 million.</li> </ol> <p><b>If two of the five conditions under Milestone 1 are achieved, 16.5% of the Rights will vest.</b></p> <p><b>If four of the five conditions under Milestone 1 are achieved, the full 33% of the Rights will vest.</b></p>   | Up to 33% of Rights  |
| <p><b>Milestone 2</b> (to be satisfied by 31 December 2016):</p> <p>The achievement of any three of the following:</p> <ol style="list-style-type: none"> <li>(1) Submission of a US IND Application for a product candidate other than the TPM<sup>®</sup>/Oxymorphone patch;</li> <li>(2) Completion of a Phase 2 clinical trial for the TPM<sup>®</sup>/Oxycodone patch under a US IND ("completion" being defined as availability of top-line results);</li> <li>(3) Completion of a Phase 2 TPM<sup>®</sup>/Oxymorphone clinical trial; under a US IND ("completion" being defined as availability of top-line results);</li> <li>(4) Completion of a licensing agreement(s) for a product(s containing TPM<sup>®</sup> whose total value (or in the case of multiple products, whose aggregated total value) exceeds the sum of A\$20 million (milestones and royalties);</li> <li>(5) Gross revenues during 2016 from the sale of products containing TPM<sup>®</sup>, or commercialisation (through sale, licensing or joint venture) of the Company's TPM<sup>®</sup> technology, of not less than A\$10million; and</li> <li>(6) Completion of a Phase 1 clinical trial on a product containing TPM<sup>®</sup> and an API that was not in the company's development pipeline as of 31 December 2014.</li> </ol> | 34% of Rights  |
| <p><b>Milestone 3</b> (to be satisfied by 31 December 2017):</p> <p>The achievement of any one of the following:</p> <ol style="list-style-type: none"> <li>(1) Completion of a Phase 3 (or equivalent) clinical trial for the TPM<sup>®</sup>/Oxycodone patch or TPM<sup>®</sup>/Oxymorphone patch;</li> <li>(2) Executing commercial agreements (through sale, licensing or joint venture) for the marketing and sale of one or more products with a minimum up-front payment of \$10 million and a total value of at least \$100 million in milestone payments (excluding all royalties);</li> <li>(3) Spinning off the company's pain assets or other portfolio assets by way of an IPO in Australia, the US, or any other territory that the Board approve;</li> <li>(4) Gross revenues during 2017 from global sales of products containing TPM<sup>®</sup> (excluding any licensing fees but not royalties) of not less than A\$15million.</li> </ol>   | 33% of Rights  |

For the avoidance of doubt, the maximum percentage of Rights that may crystallise into Shares is 100%.

Despite the vesting timetable above, 100% of the Rights will crystallise and be able to be exercised if Dr Murdoch is an employee of the Company and if:

- the 10 day VWAP of the Shares is not less than \$0.25 at any time prior to 31 December 2017. Vesting and exercise will then vest in three equal tranches, with each portion vesting at each December; or
- in the event of a sale, merger or takeover, or other similar event as determined by the Board, occurs before the 31<sup>st</sup> of December 2017 and the sale, merger or takeover effective offer price per Share (as determined by the Board) exceeds:
  - if prior to 30 June 2015, A\$0.15 per share;
  - if prior to 30 June 2016, A\$0.18 per share;
  - if prior to 31 December 2016, \$0.20 per share; or
  - if prior to 31 December 2017, \$0.25 share; or
  - two conditions under Milestone 3 are achieved by no later than 31 December 2017.

The final date for exercise of the Rights will be 30 June 2018.

#### **Conversion of Conditional Rights into Shares**

The Rights are proposed to be granted for no cash consideration and with a zero exercise price. Exercise of the Rights is subject to the conditions described in this Notice of Meeting.

#### **Legal Requirements**

The grant of securities to a director under an employee incentive scheme requires the approval of Shareholders under Listing Rule 10.14. Listing Rule 10.14 provides that a company must not permit a Director or their associates to acquire securities under an employee incentive scheme without Shareholder approval. The Scheme constitutes an 'employee incentive scheme' under the Listing Rules.

#### **Disclosures for the purposes of Listing Rule 10.14**

It is proposed that Dr Murdoch will participate in the Scheme. As Dr Murdoch, is a director of the Company, the approval of Shareholders is required, with the Notice of Meeting to comply with either Listing Rule 10.15 or 10.15A. This Notice of AGM is proposed to comply with Listing Rule 10.15.

The following disclosures are made for the purposes of Listing Rule 10.15:

- (a) the maximum number of Rights that can be awarded to Dr Murdoch under this approval is 15,000,000. Vesting and exercise will depend on whether the eligibility to convert occurs by achieving the established milestones with vesting in line equally with other employees or eligibility to convert occurs under the share price crystallising at \$0.25 prior to 31 December 2017 then vesting will occur in three equal tranches, with each portion vesting at each December providing the executive is still an employee at that time;
- (b) the price payable on the issue or exercise of each Right is nil;
- (c) as the Scheme is new, no persons referred to in Listing Rule 10.14 have previously received approval to participate in the Scheme;



- (d) Rights may be granted under the Scheme to all eligible employees of the Company, including each of the Directors (executive and non-executive directors, being persons referred to in Listing Rule 10.14 who are entitled to participate in the Scheme);
- (e) there is no loan proposed in relation to the proposed award of Rights to Dr Murdoch; and
- (f) if approved the Rights that are awarded to Dr Murdoch will be issued no later than 12 months after the AGM (it is expected that the Rights will be issued on or around 31 May 2015).

#### **Advantages and Disadvantages**

The Board notes that advantages may accrue to the Company as a result of the passing of this Resolution. The Rights form part of the overall remuneration policy of the Company and are also an important part of the retention strategy for the Company's management team. In addition, particularly in the case of Dr Murdoch, the issue of the Rights will potentially more closely align Dr Murdoch's interests with those of the Shareholders, with a strong focus on the delivery of long term total shareholder return.

The Board notes that disadvantages may accrue to the Company and Shareholders as a result of the passing of this Resolution. The only disadvantage identified by the Board is dilution to Shareholders' interests in the Company as a result of the grant of Shares (on exercise of the Rights). On balance, the Board believes the advantages clearly outweigh the disadvantages.

#### **What is the Board's recommendation?**

The Board (with Dr Murdoch abstaining) has agreed, subject to Shareholder approval, to issue the Rights to Dr Murdoch as part of his appointment as the Company's CEO. It will also more closely align the total remuneration of its senior executives with the levels of remuneration paid to the senior management of comparable companies in the biotechnology sector. The Rights also provide an incentive to improve the performance of the Company and, in turn, Shareholder value.

The Board considers the issue of Rights to Dr Murdoch in these circumstances to be appropriate and reasonable and recommends you vote in favour.

#### **Item 7 - Approval of the Issue of Conditional Rights on Accelerated Event and Payment of Termination Benefit to Dr R Murdoch (Resolution 6)**

#### **Why is this resolution being proposed?**

Shareholders may be aware of that Sections 200B and 200E of the Corporations Act prohibit the Company from giving a person (who holds or has held in the previous 3 years a managerial or executive office in the Group) a benefit in connection with that person's retirement from office, or position of employment in excess of that person's annual base salary, unless approved by Shareholders or such benefit is exempt from the need for Shareholder approval.

A consequence of the changes is that it may (in general terms) prohibit the Company from providing the benefit of converting an Executive Officer's Rights into Shares upon an Accelerated Event (such as redundancy) (the value of that benefit being the Acceleration Benefit). The value of the Acceleration Benefit, when combined with the Executive Officer's existing termination benefits payable in cash, may cause the combined termination benefit (including the Acceleration Benefit) to exceed the limit permitted under the Corporations Act without Shareholder approval. Broadly the limit is prescribed as the average annual base salary of the relevant Executive Officer.

This resolution is proposed to seek Shareholder approval to pay or provide Dr Murdoch an Acceleration Benefit potentially in excess of their average annual base salary remuneration.

#### **If you approve this resolution, what can the Company do?**

Approval by Shareholders of Resolution 6 will give the Company authority to convert any Rights that Dr Murdoch may hold into shares upon an Accelerated Event, even if the value of the associated Acceleration Benefit, when combined with his existing termination benefit (described below as, in summary, an existing benefit of up to a X month notice period) exceeds their average annual base salary remuneration.

Approval of the Resolution 6 does not give the Board authority to:

- (a) pay ex-gratia golden handshakes to Dr Murdoch; nor
- (b) give authority to accelerate the vesting of any Rights.

### **Maximum benefit payable**

The introduction of the Scheme provides Dr Murdoch with an at-risk component to their remuneration package. The delivery of the benefit will depend on the date of the Scheme Booklet and satisfaction of the Milestones (subject to any earlier Acceleration Benefit occurring). Accordingly, benefits under the Scheme may accrue to Dr Murdoch that arise from accelerated vesting of Rights under the Scheme in certain circumstances. Circumstances in which the accelerated vesting can occur include illness, death, redundancy and other circumstances where the Board determines that Dr Murdoch should be eligible to benefit from the accelerated vesting of the Rights.

The value of the Shares Dr Murdoch may receive under Conditional Rights Plan depends:

- on whether the eligibility to convert occurs by achieving the established milestones with vesting in line equally with other employees; or
- if the eligibility to convert occurs under the share price crystallising at \$0.25 prior to 31 December 2017 then vesting will occur in three equal tranches, with each portion vesting at each December providing the executive is still an employee at that time; and
- the value of the Company's Shares at exercise.

For example, assuming:

- (a) all Rights are converted to Shares;
- (b) at a \$0.25 Share price,

the maximum potential benefit/value would be \$3,75 million.

However, based on the current market price and the terms and conditions for vesting and exercise the present, indicative, value of the above Rights using the Binomial model for pricing of the Conditional Rights the Rights proposed for granting to Dr Murdoch would have value of \$0.0009 a shares or \$13,500.00. The Binomial model formula having the following currently applicable inputs:

Strike: assumed \$0.25 as at 31 December 2017  
Underlying share price: \$0.04 as at 13 April 2015  
Volatility: 60%  
Interest rate: 3.2%  
Days to expiration from the 2015 AGM on 18 May 2015:  
31/12/15 – 227 days  
31/12/16 – 593 days  
31/12/17 – 958 days

### **Background**

As referred to above, Rights will only convert to Shares subject to:

- (a) the Milestones applicable to the Rights being met by the relevant date; or
- (b) an Accelerated Event occurring.

### **Accelerated Event**

Rights granted under the Scheme will convert to Shares if an Accelerated Event has occurred. For the avoidance of doubt, if an Accelerated Event occurs, the Milestones do not apply to limit exercise of the Rights granted under the Scheme to Dr Murdoch.

An Accelerated Event includes any event under the Scheme where Rights are converted to Shares otherwise than in accordance with satisfaction of the Milestones, for instance where there is a takeover offer, merger or sale of the Company or another corporate control event. Further detail on an Accelerated Event is provided in section 5.

For the avoidance of doubt, the Company is seeking Shareholder approval for the purposes of section 200B and 200E of the Corporations Act for Dr Murdoch to receive a benefit arising from the grant, vesting or conversion of Rights from time to time granted to him including as a result of an Accelerated Event.

#### **Legal Requirements – Accelerated Event**

Subject to a number of exceptions, Shareholder approval must be given for the purposes of sections 200B and 200E of the Corporations Act for the Company to give a person a benefit in connection with that person's retirement from office, or position of employment, in a company or a related body corporate if:

- (a) the office or position is a managerial or executive office; and
- (b) the retiree has, at any time during the last three years before retirement, held a managerial or executive office in the Company or a related body corporate.

The term 'benefit' has a wide operation and extends to early vesting of the Rights under any of the categories of Accelerated Event as described above.

Resolution 6 has therefore been proposed to deal with Acceleration Benefits that may be received by Dr Murdoch in respect of Rights granted under the Scheme.

#### **Advantages and Disadvantages**

The Board notes that advantages may accrue to the Company and Shareholders as a result of the passing of this Resolution.

The Board recognises that the sector in which the Company operates is dynamic with significant merger and acquisition activity. The passing of this resolution will enable Dr Murdoch to receive any accrued benefits under the Scheme that may otherwise be lost or voided under a takeover or other Accelerated Event. The Board considers it advantageous that Dr Murdoch should be entitled, in these limited circumstances, to receive the benefits of any granted at-risk component of his remuneration.

The Board believes that keeping the senior executives focussed on long term value creation is in the best interests of all Shareholders.

The Board notes that disadvantages may accrue to the Company and Shareholders as a result of the passing of this Resolution. The only material disadvantage identified by the Board is dilution to Shareholders' interest in the Company as a result of the grant of Shares under the Rights. Further, it should be noted that approval of this resolution may cause the conversion of granted Rights that Dr Murdoch may hold into shares upon an Accelerated Event occurring. This conversion will occur irrespective of the Milestones being achieved. On balance, the Board believes the advantages clearly outweigh the disadvantages.

#### **Board's Recommendation**

The Board (with Dr Murdoch abstaining) considers the adoption of this resolution to be appropriate and reasonable and recommends you vote in favour.

## **Glossary**

**AGM** means the Annual General Meeting of the Shareholders of the Company to be held on Monday 18 May 2015 at the RACV City Club, 501 Bourke Street, Melbourne commencing at 3.00 p.m.

**Annual Report** means the annual report of the Company for the year ended 31 December 2014.

**Board** means the Board of the Directors.

**Company** means Phosphagenics Limited.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company as at the date of this Notice of Meeting and **Directors** means all of the present Directors - Lawrence Gozlan, Harry Rosen, Nathan Drona, Geert Cauwenbergh; Ross Murdoch, Greg Collier and Peter Lankau.

**Group** means the Company and its Related Bodies Corporate.

**Listing Rules** means the Listing Rules of the Australian Securities Exchange.

**Notice of Meeting** means the notice of meeting attaching to and forming part of the Explanatory Notes, calling the Company's AGM to be held on Monday 18 May 2015.

**Related Bodies Corporate** has the meaning given to it in section 50 of the Corporations Act.

**Resolution** means a resolution (including a special resolution) set out in the Notice of AGM.

**Shareholder** means a holder of ordinary shares.



# Phosphagenics

Phosphagenics Limited  
ABN 32 056 482 403

## Lodge your vote:

**Online:**  
[www.investorvote.com.au](http://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](http://www.intermediaryonline.com)

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

┌ 000001 000 POH  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://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: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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 3.00pm (AEST) Saturday, 16 May 2015**

### 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](http://www.investorcentre.com) under the help tab, "Printable Forms".

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

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

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**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.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

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

XX

I/We being a member/s of Phosphagenics 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 Phosphagenics Limited to be held in the Conference Rooms, RACV Club, 501 Bourke Street, Melbourne, Victoria on Monday, 18 May 2015 at 3.00pm (AEST) 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 2, 4, 5 & 6 (except where I/we have indicated a different voting intention below) even though resolutions 2, 4, 5 & 6 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 2, 4, 5 & 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

|               |   | For                      | Against                  | Abstain                  |
|---------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1a | Re-election of Mr Lawrence Gozlan as a Director   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 1b | Election of Dr Greg Collier as a Director   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 1c | Election of Mr Peter A Lankau as a Director   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2  | Adoption of the Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3  | Change of Company Name  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4  | Adoption of a Conditional Rights Plan   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5  | Grant of Conditional Rights to Dr R Murdoch   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6  | Approval of the Issue of Rights on Accelerated Event and Payment of Future Termination Benefit to Dr Ross Murdoch | <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 / /

