

Cyclopharm Limited Notice of Annual General Meeting and Explanatory Statement

**to be held at 11.30am (Sydney time) on
Thursday, 9 July 2020**

This document is important.

Please read the information it contains carefully. It is important that you vote on these resolutions either by participating in the meeting virtually or by completing and lodging the enclosed proxy form. If you are in doubt as to its contents, you should consult your professional advisor(s).

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cyclopharm

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IMPORTANT DATES

Close for receipt of written questions to Auditor and the Company	5.00 pm (AEST)	Thursday, 2 July 2020
Close for receipt of Proxy Forms	11.30am (AEST)	Tuesday, 7 July 2020
Determination of Entitlement to Vote	7.00 pm (AEST)	Tuesday, 7 July 2020
Meeting	11.30 am (AEST)	Thursday, 9 July 2020

NOTICE OF ANNUAL GENERAL MEETING OF CYCLOPHARM LIMITED

Notice is given that the Annual General Meeting (**AGM**) of members of Cyclopharm Limited ACN 116 931 250 (**Company**) will be held on **Thursday, 9 July 2020 at 11.30am** Sydney time.

The Company advises that Shareholders will be unable to physically attend this year's AGM due to the COVID-19 pandemic.

Shareholders are requested to participate in the AGM virtually via an online meeting platform powered by 'Lumi' (**Virtual Meeting**), or through the appointment of a proxy. Shareholders who attend the Virtual Meeting will be able to watch, listen, submit written questions and participate in all poll votes put to the Meeting. To attend and vote online:

1. Open your internet browser and go to **web.lumiagm.com/356876028**. Alternatively, the Lumi AGM app can be downloaded for free from Apple or Google Play stores.
2. Enter the Meeting ID: **356-876-028**.
3. Enter your SRN or HIN, and your registered postcode when prompted.

In light of the COVID-19 pandemic, Shareholders are encouraged to monitor the ASX and the Company's website for updates (if any) post the issuing of this notice of AGM.

Annual General Meeting Agenda

10.30am (AEST)	Registration opens – please log onto your electronic device and register your attendance following the instructions above.
11.30am (AEST)	AGM commences Chairman's welcome address to Shareholders Managing Director's presentation Items of Business

- if a Shareholder has more than one question on an item of business, all questions should be asked at the one time; and
- Shareholders should not ask questions at the AGM relating to any matters which are personal to the Shareholder or commercial in confidence.

Shareholders who prefer to register questions in advance of the AGM are invited to do so. A Shareholder Questions Form has been included with this Notice. Written questions must be received by the Company by **5.00pm (AEST) on Thursday, 2 July 2020**, and can be submitted online, by mail or by fax (as set out at the top of the Shareholder Questions Form).

Discussion and Shareholder questions

Discussion will take place on all items of business to be considered at the AGM. All Shareholders will have a reasonable opportunity to ask questions during the AGM via the AGM online platform, including an opportunity to ask questions of the Company's Auditor questions relevant to the conduct of the audit.

To ensure that as many Shareholders as possible have the opportunity to speak, Shareholders are asked to observe the following requests:

- all Shareholder questions should be stated clearly and should be relevant to the business of the AGM, including matters arising from the Financial Statements, the Directors' Report (including the Remuneration Report) and the Auditor's Report, and general questions about the performance, business or management of the Company;

Further information and support on how to use the Virtual Meeting platform is available in the virtual meeting guide on the Company's website. If you intend to use the online AGM platform, we recommend that you test to see that it works on your device before the AGM commencement at 11.30am on Thursday, 9 July 2020.

1. ORDINARY BUSINESS

1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the Directors and the Auditors of the Company for the year ended 31 December 2019.*

An explanation of this item is to be found in the notes to this notice and paragraph 2.1 of the Explanatory Statement. There is no vote on this item.

- (b) **Resolution 1 – Remuneration Report**

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

"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2019 be adopted."

An explanation of this item is to be found in paragraph 2.2 of the Explanatory Statement.

Notes:

- (1) The vote on this resolution is advisory only and does not bind the Directors or the Company.
- (2) If 25% or more of the votes that are cast are voted against the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.
- (3) **Voting Exclusion Statement:**
A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:
(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, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:
(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
(b) the voter is the Chair of the AGM and the appointment of the Chair as proxy;
i. does not specify the way the proxy is to vote on this Resolution; and
ii. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly with the remuneration of members of the Key Management Personnel.

1.2 Resolution 2 – Re-election of Director

Shareholders will be asked to consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution** with effect from the close of the meeting:

"That, for the purposes of ASX Listing Rule 14.5 and for all other purposes, Mr David James Heaney, who retires at the close of this Annual General Meeting and, being eligible, and having consented to act, be re-elected as a Director of the Company."

An explanation of this item, and more information on Mr Heaney, is to be found in paragraph 3 of the Explanatory Statement.

1.3 Resolution 3 – Issue of shares to the Managing Director

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

"That pursuant to ASX Listing Rules 10.14 and 10.15, approval is given for the Directors to issue and allot a total 1,015,500 ordinary shares to Mr James McBrayer and/or his nominee, acting in his capacity as the Managing Director of the Company, and to provide him and/or his nominee financial assistance, to subscribe for those shares in the Company, on the terms summarised in the Explanatory Statement."

An explanation of this item is in paragraph 4 of the Explanatory Statement.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by or on behalf of any director of the Company who is eligible to participate in the Company's Long Term Incentive Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the AGM as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2 OTHER BUSINESS

To consider any other business that may be properly brought forward at the meeting in accordance with the Constitution and the law.

By Order of the Board

James McBrayer
Company Secretary

Dated: 5 June 2020

PLEASE NOTE:

The Notes to, and the Explanatory Statement and Proxy Form following this Notice of Meeting should be read in conjunction with, and form part of, this Notice.

Capitalised words have the meaning ascribed to them in the Glossary in the attached Explanatory Statement.

NOTES TO NOTICE OF MEETING:

1. Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement.

2. Voting Entitlement

The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements at the Annual General Meeting will be as it appears on the register of Shareholders at **7.00pm** (Sydney time) on **Tuesday, 7 July 2020**.

3. All resolutions will be by poll

As Shareholders are asked to participate virtually in the AGM, each resolution considered at the AGM will be conducted by a poll. The Board considers that voting by poll to be in the interests of Shareholders as a whole and ensures the views of as many Shareholders as possible are represented at the AGM.

4. Proxies

- 4.1 If a Shareholder is unable to participate virtually and vote at the AGM, they are entitled to appoint a proxy to attend virtually and vote on their behalf.

A Shareholder must not appoint more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholders' voting rights. If the appointment does not specify the proportion or number of the Shareholders' votes each proxy may exercise, each proxy may exercise one half of the Shareholders' votes. Fractions of votes will be disregarded.

Proxyholders will be contacted at least 24 hours prior to the start of the AGM to ensure that they have their proxyholder login information needed to participate in the Virtual Meeting.

- 4.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form and follow the instructions set out on the reverse side of the proxy form.

- 4.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.

- 4.4 To be effective a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:

- delivered by mail to Automic, GPO Box 5193, Sydney NSW 2001, Australia;
- delivered in person to Automic, Level 5, 126 Phillip Street, Sydney NSW 2000, Australia; or
- emailed to meetings@automicgroup.com.au.

to arrive (in each case) no later than **11.30am** (Sydney time) on **Tuesday, 7 July 2020**. If it is not received by that time, the appointment of proxy will not be treated as effective.

- 4.5 If a Shareholder is a body corporate, the proxy form may be signed by:

- 2 Directors;
- a Director and either a company secretary or other authorised signatory;
- in the case of a proprietary company that has a sole Director that is also the sole company secretary, by that Director, or
- the body corporate's appointed attorney under power of attorney.

- 4.6 In the case of joint holdings a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
 - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.
- 4.7 Completion of a proxy form will not prevent individual Shareholders from virtually attending the Meeting if they wish.
- 4.8 A member of the Company's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, vote in their own right on Resolution 1.
- 4.9 A person appointed as a proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
- 4.9.1 The proxy holds a Directed Proxy Form;
- 4.9.2 Where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel for the Company or a Closely Related Party of the Company and holds an Undirected Proxy Form; and
- 4.9.3 The proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
- 4.10 Clause 4.9.2 does not apply if the Chairman of the meeting is appointed as proxy and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is a Remuneration Resolution.
- 4.11 The Chairman intends to vote all Undirected Proxy Forms in favour of Resolutions 1 to 3 and he is expressly authorised to do so.
- 4.12 **Closely Related Party** means the closely related parties of the Key Management Personnel as defined in the Corporations Act, including certain members of their family, dependants and companies they control.

Directed Proxy Form means a proxy form which specifies how a proxy is to vote.

Key Management Personnel of the Company are the Directors of the Company 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 31 December 2019. Their Closely Related Parties are defined in the Corporations Act, and include certain members of their family, dependants and companies they control.

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

EXPLANATORY STATEMENT

1. IMPORTANT NOTICE

- 1.1 This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2 *Capitalised words in this Explanatory Statement have a defined meaning which appears in it or in the Glossary.*
- 1.3 This Explanatory Statement is dated 5 June 2020.

2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the Annual Report. Neither the Corporations Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given reasonable opportunity to raise questions or make comments on the Annual Report at the Meeting. The Annual Report is available on the Company's website at www.cyclopharm.com.

As part of the written Shareholder question process prior to the AGM, Shareholders may submit written questions about the Auditor's Report and the conduct of the audit. The questions must be submitted as per the directions on the Shareholder Questions Form by **5.00pm (AEST) on Thursday, 2 July 2020**.

The auditor will attend the AGM, and the Chair of the AGM will provide a reasonable opportunity for Shareholders to ask the auditor questions relevant to the audit.

2.2 EXPLANATION OF RESOLUTION 1 - REMUNERATION REPORT

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2019 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the Remuneration Report as disclosed in the Directors' Report component of the 2019 Annual Report (see pages **23 to 33** of the 2019 Annual Report inclusive). This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers with the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- 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.

The vote on this resolution is advisory only and does not bind the company or its directors. No member of the key management personnel or closely related party of the key management personnel may vote on resolution 1.

Under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

2.3 Directors' Recommendation

As the Directors have a personal interest in this proposed Resolution 1, they make no recommendations as to how shareholders should vote on the resolution.

3. EXPLANATION OF RESOLUTION 2 – RE-ELECTION OF DIRECTOR

3.1 Shareholders will be asked to consider and, if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 14.5 and for all other purposes, Mr David James Heaney, who retires at the close of this Annual General Meeting and, being eligible, and having consented to act, be re-elected as a Director of the Company.

3.2 Rule 5.1 of the Constitution requires that, at each annual general meeting, one-third of the Directors must retire from office. ASX Listing Rule 14.5 also requires that the Company hold an election of Directors at each annual general meeting. As required by Rule 5.2 of the Constitution and in accordance with the ASX Listing Rules, Mr Heaney, the longest standing director in office has offered himself for re-election.

3.3 The Nominations Committee (excluding Mr Heaney) of the Board has conducted an assessment of Mr Heaney including a review of the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments, the Board recommends to Shareholders the re-election of Mr Heaney.

3.4 The following is a profile of Mr David Heaney:

Board position: Elected by Shareholders to the Board of the Company on 8 May 2007. Mr Heaney was appointed Chairman from 29 March 2017 and had previously served as Acting Chairman from 23 October 2013 to 15 May 2014 and from 7 October 2016 to 28 March 2017.

Committees: Chairman of the Board Nominations and Remuneration Committees. Member of the Audit and Risk Committee (previously served as Chairman of the Audit and Risk Committee until 28 February 2019).

Experience: Mr Heaney retired as a banker after almost 40 years with National Australia Bank Limited.

His career was mainly centered in Corporate Banking and Project finance including general management roles with the bank and its subsidiary companies in both Australia and the US. He then spent several years in a consulting partnership with a former colleague and has been a director of several listed and unlisted companies including in the not for profit sector.

Mr Heaney currently does not hold any other listed directorships.

Independence: Mr Heaney satisfies the requirements for an independent director under ASX Recommendation 2.3 as he is a non-executive Director and has a relevant interest in approximately 0.29% of Shares.

3.5 Directors' Recommendation

The Board, other than Mr Heaney (who abstains), recommends that Shareholders vote in favour of Resolution 2.

4. EXPLANATION OF RESOLUTION 3 – ISSUE OF SHARES TO THE MANAGING DIRECTOR

4.1 Shareholders will be asked to consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

"That pursuant to ASX Listing Rules 10.14 and 10.15 approval is given for the Directors to issue and allot a total 1,015,500 ordinary shares to Mr James McBrayer and/or his nominee, acting in his capacity as the Managing Director of the Company, and to provide him and/or his nominee financial assistance, to subscribe for those shares in the Company, on the terms summarised in the Explanatory Statement."

4.2 In accordance with its remuneration policy and the provisions of Mr McBrayer's employment agreement¹, and subject to member approval, the Company proposes to grant Shares to the Managing Director on the general terms and conditions set out in the Company's Long Term Incentive Plan (**Plan**) and the specific terms as set out in paragraph 4.5. The Plan was initially approved by Shareholders at the meeting held on 8 May 2007 with an updated Plan approved on 29 May 2018.

4.3 The purpose of the Plan is to encourage Directors, officers and employees to share in the ownership of the Company and therefore to retain and motivate those benefiting to drive performance at both the individual and corporate levels. Equity based incentives consistent with the Company's remuneration policy better aligns the performance of the Executive Director with the Company's financial performance.

4.4 The Directors consider the Company's remuneration policy to be a sensible and well-balanced policy which allows them to adjust the remuneration mix appropriately to the Company's changing circumstances. Accordingly, the Board, other than Mr McBrayer, believes that the Shares should be issued to Mr McBrayer, to more closely align his interests with those of the Company.

4.5 Plan Shares

Subject to Shareholder approval, it is proposed to grant a total of 1,015,500 Plan Shares to Mr McBrayer which will comprise three tranches, as follows:

Tranche	Number of Plan Shares	Price per Plan Share	Vesting conditions	Financial Assistance	Holding lock
Tranche 1	500,000	See below	The Managing Director has been continuously employed as Managing Director of the Company for 2 years until the Annual General Meeting held in 2022 (Performance Hurdle).	The Company will provide the Managing Director with a Loan for an amount equal to 500,000 Plan Shares multiplied by the Price per Plan Share. The term of this loan will be for 2 years from the date of the allotment of the Plan Shares (expected to be around 1 August 2020).	The Plan Shares will be held in a holding lock until: <ul style="list-style-type: none"> (a) the Performance Hurdle has been met; and (b) the Financial Assistance relating to Tranche 1 of the Plan Shares has been repaid.
Tranche 2	257,750	Nil	Not applicable – Shares are fully vested.	Not applicable	Not applicable – Shares can be freely traded on and from the date of issue.
Tranche 3	257,750	Nil	Not applicable – Shares are fully vested but subject to a holding lock.	Not applicable – Shares are fully vested but subject to a holding lock.	This tranche of Plan Shares will be held in a holding lock until the outstanding Financial Assistance of \$1,532,183.06 on the Issued Shares issued on 13 July 2015 has been repaid in full on or before 9 May 2022.

¹ See 2019 Notice of AGM dated 18 April 2019.

The proposed Plan Shares and terms of issue were determined by the Board holistically as part of the Managing Director's overall remuneration package. It took into account factors including the Managing Director's contribution during his tenure, previous remuneration levels, current market remuneration benchmarks, recent positive commercial outcomes (including a proposed new joint venture to service the NSW advanced molecular imaging market and the Company's exit from the MMI joint venture), the Company's current circumstances and prospects and his contractual entitlements.

Tranche 1 – Price per Plan Share

The Price per Plan Share for Tranche 1 will be calculated as follows:

$$\text{Price per Plan Share} = \text{VWAP} \times 130\%$$

Where **VWAP** means the volume weighted average price of trading in the Company's Shares on the ASX market and the Chi-X market over a 30 day period ending on the date of the AGM, excluding block trades, large portfolio trades, permitted trades, permitted trades during the pre-trading hours period, permitted trades during post-trading hours period, out of hours trades and exchange traded options exercises.

Shareholders should be aware that Mr McBrayer will only benefit from this loan if the sale price of the Shares is in excess of the Price per Plan Share. This is because when he sells the Plan Shares, the proceeds are directed first to retire the loan principal and he then only gets to keep any excess over the Price per Plan Share.

Tranche 2 and Tranche 3

The number of Shares comprised in Tranches 2 and 3 was determined in accordance with Mr McBrayer's employment agreement after the Company issued 8.5 million new shares in December 2019 to raise \$9.775 million (before offer costs) at an issue price which represented a 11.7% premium to the Company's closing price on 18 December 2019. The determination was made on 19 March 2020 based on a share price on that day of \$0.80 per share and subject to shareholder approval.

4.6 Mr McBrayer's current Plan Shares

Mr McBrayer currently holds the following Plan Shares:

Issue date	Number of Plan shares (Issued Shares)	Amount payable per share	Outstanding loan balance payable by Mr McBrayer
1 September 2014	861,728	\$0.22	Nil
1 September 2014	861,728	\$0.25	Nil
13 July 2015	1,721,554	\$0.90	\$1,532,183.06
11 December 2019 ²	269,911	Nil	Nil
11 December 2019 ³	269,614	Nil	Nil ⁴
TOTALS	3,984,535		\$1,532,183.06

² Issued in accordance with Shareholder approval given at the 2019 AGM on 21 May 2019.

³ Issued in accordance with Shareholder approval given at the 2019 AGM on 21 May 2019.

⁴ No Financial Assistance has been provided in relation to this tranche of Issued Shares, however, the Shares are subject to a holding lock pending payment in full of the outstanding Financial Assistance of \$1,532,183.06 in relation to the Issued Shares dated 13 July 2015.

4.7 Corporations Act requirements

The Corporations Act also regulates in Chapter 2E the giving of a financial benefit to a related party of a public company. Cyclopharm is such a company and, as a Director, Mr McBryer is regarded as a related party. The issue of shares could be considered a financial benefit, however, the Board, with Mr McBryer absent, considers that no separate shareholder approval is required for the giving of the financial benefits in the form of shares because the benefit is remuneration to Mr McBryer as Managing Director of the Company and the remuneration is reasonable given the circumstances of the Company and Mr McBryer's circumstances (including the responsibilities involved in his office and employment, his contractual entitlements and the share price of the Company on ASX as at the date on which the entitlement was determined).

An ordinary resolution is required for Resolution 3 which means the Resolution requires an affirming vote by 50% of those shareholders present at the Meeting and entitled to vote.

4.6 Copy of Plan

A copy of the Company's Long Term Incentive Plan is available for inspection at the Sydney office referred to on the Proxy Form at the end of this Notice of Meeting by any member of the Company during normal hours on any business day prior to, or on, the date of the Meeting.

A summary of the material terms of the Long Term Incentive Plan can be found in the Annexure to this Notice of Meeting.

4.7 Cost of the Plan Shares to the Company

Tranche 1

As set out in Note 27(c) of the 2019 Annual Report, in accordance with Australian Accounting Standard AASB 2 Share-based Payment, where employee shares are issued under a non-recourse loan payment plan, the loan assets and the increments to Contributed equity should not be recognised at grant date but rather, the transactions be treated as Plan Share implied options. Consequently the value of the discount which has been determined using the Black-Scholes Pricing Model (BSP Model) will be charged to the Statement of Comprehensive Income and credited to the Employee Equity Benefits Reserve over the vesting period.

The Plan Shares have been valued for accounting purposes by the Directors using the BSP Model. Based on this model, the directors anticipate that the accounting cost of the issue of the Plan Shares to the Managing Director will be \$137,000. Increments to Contributed Equity will be recognised as the share loans are settled by the relevant employees.

Tranche 2 and Tranche 3

Even though the determination to grant the Tranche 2 and Tranche 2 shares was made on 19 March 2020 when the share price was \$0.80, the accounting cost of the issue of each Plan Share will be based on the latest closing price of the Company's shares traded on the ASX prior to the date of issue (not the share price on the determination date).

Accordingly, even though the share price at the date of determination was \$0.80 per Share, if the share price on the date of issue is \$1.50 per Share, the directors anticipate that the accounting cost of the issue of the Plan Shares to the Managing Director will be in the order of \$773,250⁵.

This is an indicative example provided for illustrative purposes only. The actual accounting cost will depend on the actual closing price of the Company's shares traded on the ASX prior to the issue, which may be higher or lower than the price provided in the example.

⁵ By contrast, the accounting cost of the Tranche 2 and Tranche 3 shares on the 19 March 2020 determination date based on the then share price of \$0.80 would have been in the order of \$412,400.

4.8 Remuneration

The Managing Director's remuneration for the year ended 31 December 2019 (as detailed in the Remuneration Report included in the Directors' Report) comprised:

Salary	Superannuation	Bonus	Non-Cash	Options (amortised cost)	Other Long-term benefits	Shares (amortised cost)	Total
\$341,198	\$35,929	\$50,000	-	-	\$6,616	\$319,618	\$753,361

4.9 Relevant interest in shares

The Managing Director currently has an interest in 4,094,080 shares as at the date of this notice. The issue of 1,015,500 Shares to Mr McBrayer in accordance with Resolution 3, will increase his holding to 5,109,580 Shares, representing 6.37% of the Company's Shares.

4.10 Impact on capital structure

As at the date of this notice of meeting, there are a total of 79,258,955 shares on issue.

If approved, the issue of 1,015,500 Shares to Mr McBrayer in accordance with Resolution 3, will increase the number of Shares on issue from 79,258,955 to 80,274,455 (assuming that no other shares are issued), with the effect that the shareholding of existing shareholders would be diluted by approximately 1.28%.

4.11 Technical Information Required by Listing Rule 10.15

A notice of meeting to obtain approval under Listing Rule 10.14 must comply with Listing Rule 10.15. The information required by Listing Rule 10.14 is set out below:

Maximum number of Plan Shares that may be acquired by Mr McBrayer	1,015,500 Shares
Price for each Plan Share to be acquired under the LTIP	Tranche 1 – please see the formula in section 4.5 of this notice of meeting. Tranche 2 – Nil Tranche 3 – Nil
Names of persons referred to in rule 10.14 who received securities under the scheme since the last approval, number of securities received and acquisition price for each security	The Plan was last approved on 29 May 2018. Since that date, 539,525 Plan Shares were issued to Mr McBrayer at nil price as approved at the Company's Annual General Meeting on 21 May 2019.
Names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme	Directors - Messrs Heaney, McDonald and McBrayer. [Note – although each director is eligible to participate, approval is sought for the grant of Plan Shares to Mr McBrayer only].

Summary of the material terms of any loan in relation to the grant of Plan Shares	<p>Tranche 1 - The Company will provide the Managing Director with a Loan for an amount equal to 500,000 Plan Shares multiplied by the Price per Share. The term of this loan will be for 2 years from the date of the allotment of the Plan Shares (expected to be around 1 August 2020).</p> <p>Tranche 2 – No financial assistance or loan will be provided.</p> <p>Tranche 3 -. No financial assistance or loan will be provided.</p>
Required Statements	Details of any securities issued under the employee incentive scheme will be published in each annual report relating to a period in which securities have been issued and approval for the issue of securities obtained under listing rule 10.14. Any additional persons who become entitled to participate in the employee incentive scheme after the resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under listing rule 10.14.
Date by which Shares will be granted	The Company expects to issue the Shares on or about 1 August 2020 but in any event the Company will not issue the Shares any later than 3 years after the meeting

4.12 Voting Exclusion

A voting exclusion applies in relation to Resolution 3 (see notes to Resolution 3).

4.13 Directors' Recommendation

The Board, other than Mr McBrayer (who abstains), recommends that Shareholders vote in favour of Resolution 3.

5. GLOSSARY OF TERMS

In this explanatory statement, the following expressions have the following meanings:

Annual Report means the report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the remuneration report and the report of the Auditors to which reference is made in this explanatory statement;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Ltd trading as Australian Securities Exchange;

ASX Listing Rules means the listing rules of ASX;

Auditors means Nexia Sydney Audit Pty Ltd, Chartered Accountants, the Company's external auditors;

Board means the Directors of the Company from time to time;

Closely Related Party means the closely related parties of the Key Management Personnel as defined in the Corporations Act, including certain members of their family, dependents and companies they control;

Company means Cyclopharm Limited ACN 116 931 250 the registered office of which is located at Unit 4, 1 The Crescent, Kingsgrove, NSW 2208 Australia;

Constitution means the Constitution of the Company adopted by the Shareholders dated 31 October 2005 and the amendments approved at the annual general meeting convened on 26 May 2011;

Corporations Act means the *Corporations Act 2001* (Cth), as amended;

Directed Proxy Form means a proxy form which specifies how a proxy is to vote;

Directors means the Directors of the Company from time to time sitting as the Board or individually as the case requires;

Key Management Personnel means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly;

Meeting, AGM or Annual General Meeting means the annual general meeting of Shareholders convened by the Notice of Meeting;

Notice of Meeting means the notice of annual general meeting dated 5 June 2020 which accompanies this explanatory statement;

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel;

Resolution means an ordinary resolution referred to in the Notice of Meeting;

Share means a fully paid ordinary share in the capital of the Company;

Shareholders means the holders of Shares in the Company as recorded in the register at 7.00 pm (Sydney time) on Tuesday, 7 July 2020;

Share Registry means NextRegistries of Level 16, 1 Market Street, Sydney, NSW, 2000; and

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

6. SHAREHOLDER ENQUIRIES

Shareholders with questions regarding this Notice of Meeting and Explanatory Statement should contact the Company Secretary, James McBrayer, on +61 2 9541 0411 during normal office hours. He will attempt to answer your questions or refer you to someone who can do so, but no person is authorised by the Company to give any information, or make any representation, in connection with the Notice or Explanatory Statement not contained in them.

ANNEXURE

Material terms of the Company's Long Term Incentive Plan (**LTIP**) as required by ASX Listing Rule 10.15.9:

Eligibility	<ul style="list-style-type: none">• A person is eligible to participate in the LTIP if he or she is a Director, officer or employee of a group company (Eligible Person).• The Board may at any time make invitations to Eligible Persons to participate in the LTIP specifying the total number of Plan Shares being offered or the manner for determining that number, the closing date for applications, the issue price, vesting conditions and any other specific terms and conditions of issue (Invitation).
Plan Shares	<ul style="list-style-type: none">• Each Plan Share entitles the participant to one fully paid ordinary Share in the Company.• Unless otherwise specified in an Invitation, Plan Shares issued or transferred to a participant will rank equally with all existing shares from the date of issue or transfer.• Unless the Board resolves otherwise, the Company will apply for official quotation of Plan Shares issued.
Loan	The Company may provide a limited recourse loan to a participant to allow them to fund the full consideration for the Plan Shares (Loan). The terms of the Loan will be set out in a separate loan agreement.
Vesting	The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified in an Invitation.
Change of control	In the event of a change of control of the Company, the Board may in its absolute discretion, determine the manner in which any or all of the participant's unvested Plan Shares will be dealt with.
Disposal restrictions	<ul style="list-style-type: none">• A participant must not dispose of a Plan Share until the Plan Share has vested, the loan balance relating to that Plan Share has been repaid or discharged or any other disposal restrictions set out in the Invitation have expired.• The Company may implement any procedure it deems appropriate to ensure the compliance by the participant with the disposal restrictions (i.e. may implement a holding lock in respect of the Plan Shares).
Compulsory divestment	<ul style="list-style-type: none">• Plan Shares may be compulsorily divested in a number of circumstances, including non-satisfaction of vesting conditions, fraudulent or dishonest actions, insolvency, termination of employment, non-repayment of a Loan or any other circumstances expressly set out in an Invitation.• Where in the reasonable opinion of the Board, a Plan Share has vested in fraudulent or dishonest circumstances, the Board may take any action to ensure no unfair benefit is obtained by the participant as a result of those circumstances.
Capital events	<ul style="list-style-type: none">• Bonus issues - If the Company undertakes a pro-rata bonus issue of shares to shareholders and shares are issued to a participant in respect of Plan Shares, those shares are deemed to be Plan Shares for the purposes of the LTIP, and will be subject to the same vesting conditions as the Plan Shares to which they relate.• Rights issues – Participants may elect to take up their rights at their cost. Shares allotted to the Participant as a result of exercising such rights are not subject to the vesting conditions or the Plan Rules.• Other variations of capital - If there is a variation of capital, including a capitalisation, sub-division, consolidation or reduction in share capital. The Board may, subject to the Corporations Act and Listing Rules, make such adjustments as it considers appropriate to ensure that the consequences of application are fair as between the participants and other shareholders.
Administration	The LTIP is administered by the Board. The Board may make regulations and determine procedures to administer and implement the LTIP and may also terminate or suspend the operation of the LTIP at its discretion.



If you are attending the virtual Meeting please retain this Proxy Form For online Securityholder registration.

Cyclopharm Limited | ABN 74 116 931 250

Holder Number:

Vote by Proxy: CYC

Your proxy voting instruction must be received by **11.30am (Sydney time) on Tuesday, 7 July 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register.

VOTING UNDER STEP 2 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted in favour of the resolutions, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES






If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained online at <https://automic.com.au>.

ATTENDING THE VIRTUAL MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the virtual Meeting online if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the virtual Meeting online, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the virtual Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact	Return your completed form		All enquiries to Automic	
	 BY MAIL Automic GPO Box 5193 Sydney NSW 2001	 IN PERSON Automic Level 5, 126 Phillip Street Sydney NSW 2000	 BY EMAIL meetings@automicgroup.com.au	 WEBCHAT https://automic.com.au/  PHONE 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

STEP 1: Virtual Participation

Virtual participation at the GM

The Company is pleased to provide shareholders with the opportunity to participate in the Meeting virtually through an online platform, which can be accessed by navigating to **web.lumiagm.com/356876028** on any internet browser. Alternatively, the Lumi AGM app can be downloaded for free from the Apple or Google Play stores.

The ID for this meeting that will need to be entered in to the Lumi platform is:

356-876-028

Shareholders should then log in to the meeting using their SRN/HIN and postcode as detailed on the reverse of this form.

Further information on how to do this is set out in the Notice of Meeting and in the included virtual meeting guide. The Explanatory Notes that accompany and form part of this Notice of Annual General Meeting describe the various matters to be considered.

STEP 2: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online or intend to attend the virtual meeting

I/We being a Shareholder entitled to attend and vote at the General Meeting of Cyclopharm Limited, to be held virtually at **11:30am (Sydney time) on Thursday, 9 July 2020** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
 Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 3: Your Voting Direction

Resolutions	For	Against	Abstain
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Non-Executive Director (Mr D J Heaney)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of shares to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 4: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

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Email Address:

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Contact Daytime Telephone

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Date (DD/MM/YY)

		/			/		
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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

ONLINE SHAREHOLDERS' MEETING GUIDE 2020

Attending the AGM electronically

- Download the Lumi AGM app from the Apple App or Google Play Stores by searching for Lumi AGM.
- Visit <https://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge and Firefox. Please ensure your browser is compatible.

Meeting ID: 356-876-028

To login you must have your SRN/HIN and password

Using the Lumi AGM app:

CREDENTIALS

Once you have either downloaded the **Lumi AGM app** or entered **web.lumiagm.com** into your web browser, you'll be prompted to enter the Meeting ID.

You will then be required to enter your:

- SRN/HIN; and
- Postcode.

You will be able to log into the site from 1 hour before the start of the meeting

ACCESS


To register as a shareholder, select '**am a shareholder/proxy**' and enter your username and password.


If you are a visitor, select '**I am a guest**'

As a guest, you will be prompted to complete all the relevant fields including first name, last name and email address.

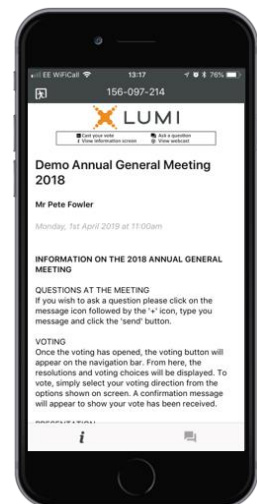
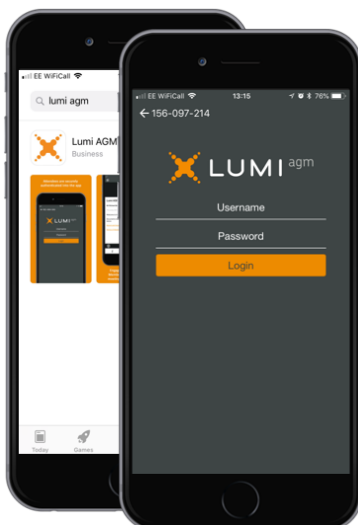
Please note, visitors will not be able to ask questions or vote at the meeting.

NAVIGATION


When successfully authenticated, the info screen  will be displayed. You can view company information, ask questions and watch the webcast.

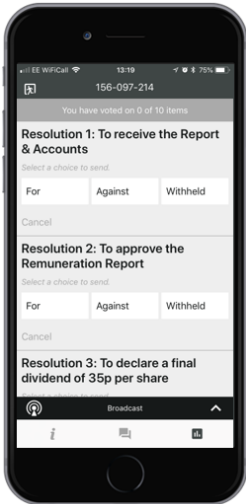
If you would like to watch the **webcast** press the broadcast icon  at the bottom of the screen.

If viewing on a computer the webcast will appear at the side automatically once the meeting has started.



VOTING

The chairman will open voting on all resolutions at the start of the meeting. Once the voting has opened, the polling icon  will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.

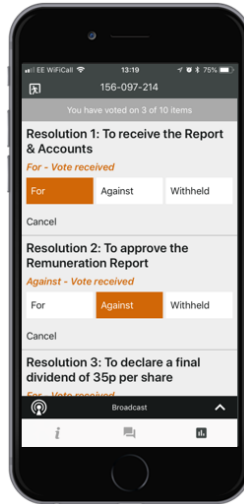


VOTING

To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received. For - Vote received

To change your vote, simply select another direction.

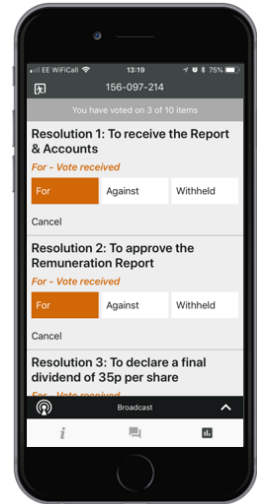
If you wish to cancel your vote, please press Cancel



VOTING


Once the chairman has opened voting, voting can be performed at anytime during the meeting until the chairman closes the voting on the resolutions.

You will still be able to send messages and view the webcast whilst the poll is open.

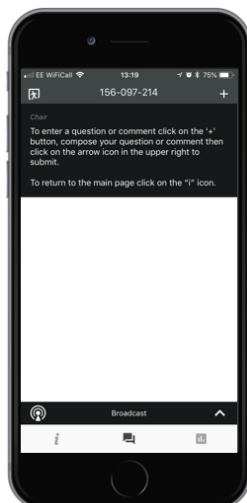


QUESTIONS

Any shareholder or appointed proxy attending the meeting is eligible to ask questions.

If you would like to ask a question, select the messaging icon 

Messages can be submitted at any time during the Q&A session up until the Chairman closes the session.

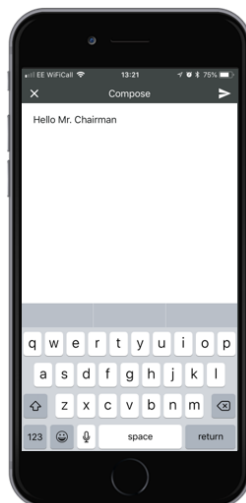


QUESTIONS

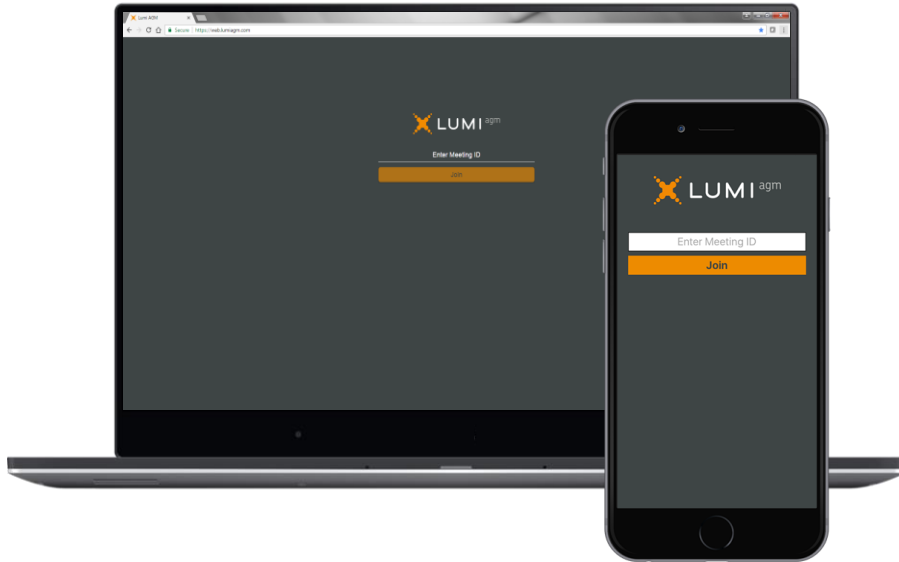
Click in the box marked 'Ask a question' and type your message.

Once you are happy with your message click the submit button.

Questions sent via the Lumi AGM online platform will be moderated before being sent to the chairman. This is to avoid repetition and remove any inappropriate language.



Remote entry to the Annual Shareholders' Meeting will open at 10:30 (AEST) on 9 July 2020.



Cyclopharm Limited

ABN 74 116 931 250

SHAREHOLDER QUESTIONS FORM

TO: The Company Secretary
Cyclopharm Limited (Company)
Unit 4, 1 The Crescent, Kingsgrove, NSW 2208

FAX: (+612 9543 0960)

EMAIL: corporate@cyclopharm.com.au

Shareholder Name: _____

Shareholder Address: _____

Please use this form to submit any questions about the Company that you would like us to respond to at the Company's Annual General Meeting to be held at 11.30am on Thursday, 9 July 2020. Your questions should relate to matters which are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial statements.

This form must be received by the Company by **5.00pm (AEST) on Thursday, 2 July 2020.**

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders. Forms which are not properly completed will not be answered.

My question relates to (please mark the appropriate box)

- | | |
|---|--|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Future direction |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Other |

- | | |
|---|--|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Future direction |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Other |
