



Adherium Limited
ABN 24 605 352 510

ADRRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN VIC 3030



Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (AEDT) on Saturday 28 November 2020.**

Adherium Limited Annual General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location:

The Annual General Meeting of Adherium Limited will be a virtual meeting, which will be conducted online on Monday, 30 November 2020 at 9:00am (AEDT).

Attending the meeting online:

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time.

Webcast and Questions

To attend the live webcast you will first need to register ahead of the meeting at the following link: https://zoom.us/webinar/register/WN_vNyKE6FSR-OrvbFwPvmfSA

Following registration you will receive a confirmation email containing Zoom Facility attendance details, at which you will be able to view the meeting and submit questions. Please ensure you register in advance of the meeting to be able to receive the confirmation email prior to commencement of the meeting.

Voting

To vote online during the meeting you will need to visit web.lumiagm.com/318405346 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at <http://www.computershare.com.au/onlinevotingguide>

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

PIN: 99999

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



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




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For your proxy appointment to be effective it must be received by **9:00am (AEDT) on Saturday 28 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

PIN: 99999

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

By Mail:

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

By Fax:

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



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

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



IND

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 Adherium 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 Adherium Limited to be held virtually on Monday, 30 November 2020 at 09:00am (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 & 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 & 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 1 & 6 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr James Ward-Lilley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Jeremy Curnock Cook as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Bruce McHarrie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of prior issue of secured convertible note to Viburnum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Shares to Mike Motion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Special Resolution: Approval of additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

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

Update your communication details (Optional)

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



ABN 24 605 352 510
Notice of Annual General Meeting



Notice is given that the Annual General Meeting (**AGM** or **the Meeting**) of Shareholders of Adherium Limited (**Adherium** or **the Company**) will be held as follows:

Date: **30 November 2020**

Time: **9:00am (AEDT)**

Venue: **Zoom webcast** - register in advance to attend at
https://zoom.us/webinar/register/WN_vNyKE6FSR-OrvbFwPvmfSA


Voting in person: Ordinarily, Shareholders would be able to participate in the Meeting of the Company by attending and voting in person at the meeting venue. However, due to the current exceptional and uncertain circumstances, and with the health and wellbeing of the shareholders, employees and the broader community in mind, the AGM will be held virtually via a live Zoom webcast. To attend the live webcast you will first need to register ahead of the meeting at the following link: https://zoom.us/webinar/register/WN_vNyKE6FSR-OrvbFwPvmfSA. Following registration, you will receive a confirmation email containing Zoom Facility attendance details, at which you will be able to view the meeting and submit questions. Please ensure you register in advance of the meeting to be able to receive the confirmation email prior to commencement of the meeting.

All Resolutions by Poll: Under the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020, all votes will be taken on a poll via proxy or online voting.

Voting using the Online Platform during the Meeting: Due to the virtual nature of the event, Computershare will facilitate voting during the meeting from your smartphone, tablet or computer. If you wish to cast your vote during the meeting, please ensure you have the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox, and follow the steps below to register your interest as soon as possible:

Step 1: Visit <https://web.lumiagm.com/318405346> on your computer or mobile device

Step 2: Enter username (SRN or HIN) and Password (Postcode or Country Code)

Step 3: When the poll is open, the vote icon  will be accessible by selecting the voting icon at the top of your screen.

Step 4: Select your voting option (For/Against/Abstain) for each resolution. A message will appear at the top of the screen indicating the number of resolutions that you have voted on.

Voting will close an hour after the close of the Meeting. At the close of the Meeting, any votes you have placed will automatically be submitted to the Registry. For further instructions on how to participate online please view the online meeting user guide at <http://www.computershare.com.au/onlinevotingguide>.

Voting by Proxy - to vote by proxy, please complete and sign the Proxy Form enclosed and either:

- send the Proxy Form by post to Computershare, GPO Box 242, Melbourne, Victoria 3001; or
- send the Proxy Form by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

OR

- for online voting, visit www.investorvote.com.au and enter the 6 digit control number (184831) and your Adherium SRN or HIN;
- for Intermediary Online voting by Custodians, please submit your votes electronically via www.intermediaryonline.com;

so that it is received not later than 9:00am on Saturday, 28 November 2020.

Questions – Shareholders are encouraged to submit questions ahead of the Meeting so that they are received by email to CompanySec@adherium.com no later than 5:00pm AEDT Wednesday, 25 November 2020.

This Notice of Extraordinary General Meeting and Explanatory Memorandum should be read in its entirety. If you are in doubt as to how to vote on any of the Resolutions, you should seek advice from your accountant, solicitor or other professional adviser without delay.

The business and formal resolutions proposed to be considered at the Meeting follow.

Business

Financial Statements and Reports

To receive and consider the Company's annual financial report, including the directors' report and audit report for the period ended 30 June 2020.

Note: There is no requirement for Shareholders to vote upon or approve these reports and financial statements.

Resolutions

1. Resolution 1 - Adoption of Remuneration Report

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

"That the Company adopt the Remuneration Report for the year period ended 30 June 2020 as set out in the Company's Annual Report in accordance with Section 250R(2) of the Corporations Act."

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

Voting Exclusion Statement

Corporations Act -: A vote must not be cast (in any capacity) on this Resolution 1 by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**).

However, a KMP may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a KMP and either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman will vote all undirected proxies in favour of this Resolution 1.

2. Resolution 2 - Election of Mr James Ward-Lilley as a Director

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

"That James Ward-Lilley, who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4 and, being eligible and having submitted himself for re-election, be appointed as a Director of the Company."

3. Resolution 3 - Re-election of Mr Jeremy Curnock Cook as a Director

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

"That Jeremy Curnock Cook, who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4 and, being eligible and having submitted himself for re-election, be appointed as a Director of the Company."

4. Resolution 4 – Re-election of Mr Bruce McHarrie as a Director

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

"That Bruce McHarrie, who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4 and, being eligible and having submitted himself for re-election, be appointed as a Director of the Company."

5. Resolution 5 – Ratification of prior issue of secured convertible note to Viburnum

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

*“That, in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve for the purposes of ASX Listing Rule 7.1 the previous issue as announced to the ASX market on 26 October 2020 to Viburnum Funds Pty Ltd ACN 126 348 990 (**Viburnum**) of secured convertible notes amounting to \$3 million and convertible (subject to adjustment) into 100 million fully paid ordinary shares at a conversion price of \$0.03 and as further detailed in the attached Explanatory Memorandum.”*

Voting Exclusion Statement

ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 5 if it is cast by or on behalf of:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting 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
- (e) a shareholder 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 shareholder 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 shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

The Chairman will vote all undirected proxies in favour of this Resolution 5.

6. Resolution 6 – Issue of Shares to Mike Motion

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

“That, for the purpose of ASX Listing Rule 10.14, section 259B(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Shareholders approve the issue of a number of Shares to Mike Motion at the 5-day VWAP to 30 June 2020 in consideration for 50% of the performance award earned for the year to 30 June 2020, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statements

Corporations Act - A vote must not be cast on this Resolution 6 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 6 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any person specified under ASX Listing Rule 10.14, or an associate of that person. However, the Company need not disregard a vote on Resolution 6 if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (e) 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.

The Chairman will vote all undirected proxies in favour of this resolution.

7. Resolution 7 - Approval of additional 10% Placement Facility

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

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities of up to 10% of the total issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any person (or their associates) who is expected to participate, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of the Company's ordinary securities).

However, the Company need not disregard a vote on Resolution 7 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; 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.

At the date of this Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of equity securities under the 10% Placement Facility (as defined in the Explanatory Memorandum). Therefore, no existing Shareholder's votes will be excluded under the above voting exclusion.

The Chairman will vote all undirected proxies in favour of this Resolution.

Other business

To consider any other business that may lawfully be brought forward in accordance with the Constitution of the Company or the law.

Other information

An Explanatory Memorandum accompanies and forms part of this Notice of Annual General Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

Voting by proxy

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

With respect to Resolutions 1 -7, if a Shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on either of those Resolutions, the Shareholder authorises the Chairman to vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of those Resolutions, even if he is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Proxies must be:

- (a) lodged at the Company's share registry, Computershare Investor Services Pty Limited; or
- (b) faxed to the fax number specified below.

not later than 9:00am (AEDT) on Saturday 28 November 2020.

Address (hand deliveries): Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnson Street,
Abbotsford, Victoria, 3067

Address (postal deliveries): C/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne
VIC 3001, Australia

Fax number for lodgement: (within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

The Proxy Form has been enclosed. Please read all instructions carefully before completing the Proxy Form.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a Resolution. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Online Voting

You can lodge your vote online at www.investorvote.com.au

Custodian Voting

Custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com

Entitlement to vote


In accordance with Section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting all shares will be taken to be held by the persons who held them as registered Shareholders at 9:00am (AEDT) on Saturday 28 November 2020. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting using the Online Platform during the Meeting

Due to the virtual nature of the event, Computershare will facilitate voting during the meeting from your smartphone, tablet or computer. If you wish to cast your vote during the meeting, follow the steps below to register your interest as soon as possible:

Step 1: Visit <https://web.lumiagm.com/318405346> on your desktop or mobile device

Step 2: Enter username (SRN or HIN) and Password (Postcode or Country Code)

Step 3: When the poll is open, the vote icon  will be accessible by selecting the voting icon at the top of your screen.

Step 4: Select your voting option (For/Against/Abstain) for each resolution. A message will appear at the top of the screen indicating the number of resolutions that you have voted on.

Voting will close an hour after the close of the Meeting. At the close of the Meeting, any votes you have placed will automatically be submitted to the Registry.

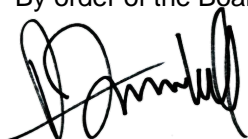
All Enquiries

Call Computershare: (within Australia) 1300 850 505 (outside Australia) +61 3 9415 4000

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda. In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

By order of the Board



Rob Turnbull
Joint Company Secretary
30 October 2020

This Explanatory Memorandum sets out further information regarding the proposed Resolutions to be considered by Shareholders of Adherium Limited (**Adherium** or **the Company**) at the 2020 Annual General Meeting to be held commencing at 9:00am (AEDT) on Monday 30 November 2020.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

Financial statements and reports

Under Section 317 of the Corporations Act, Adherium is required to lay its Annual Report, Directors' Report and Remuneration Report before its Shareholders at its Annual General Meeting. The Annual Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss.

Representatives of Adherium's auditor, PricewaterhouseCoopers (**PwC**), will be present for discussion purposes on matters of relevance to the audit.

1. Resolution 1 – Adoption of Remuneration Report

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 1. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of Resolution 1.

Resolution 1 provides Shareholders the opportunity to vote on Adherium's Remuneration Report. The Remuneration Report is contained within the Directors' Report in the Annual Report. Under Section 250R(2) of the Corporations Act, the Company must put the adoption of its remuneration report to a vote at its Annual General Meeting.

This vote is advisory only and does not bind the Directors or the Company. However, under the Corporations Act:

- (a) if at least 25% of the votes cast at any annual general meeting (**AGM**) on a resolution to adopt the remuneration report are cast against the adoption of the remuneration report ("first Strike"), the Company's subsequent remuneration report must include an explanation of the Board's proposed action in response to the "no vote" or an explanation of why no action has been taken; and
- (b) if at the following AGM the Company's remuneration report also receives a "no vote" of at least 25% of the votes cast ("second strike"), then Shareholders will be asked to vote at that following AGM on whether or not the Company is to hold another general Shareholder's meeting (within the following 90 days) to vote on a "spill resolution" under section 250V of the Corporations Act.

As set out in the Notice of Meeting, Key Management Personnel (including Directors) and their closely related parties must not cast a vote on the Remuneration Report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

2. Resolution 2 – Election of Mr James Ward-Lilley as a Director

Board recommendation and undirected proxies. The Board (with the exception of Mr Ward-Lilley due to his interest in the outcome) recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 2.

In accordance with clause 13.3(b) of the Company's Constitution and ASX Listing Rule 14.4, Mr Ward-Lilley who is due to retire, is eligible for re-election and has submitted himself for re-election at this Meeting.

Resolution 2 provides for the election of Mr Ward-Lilley as Director of the Company.

Mr Ward-Lilley, BA (Hons), MBA, age 55, was appointed to the Board on 14 April 2020, and is currently Adherium's independent Chairman. In accordance with clause 13.1(d) of the Company's Constitution and ASX Listing Rule 14.4, Mr Ward-Lilley retires as a director, is eligible for election and has submitted himself for election at this Meeting.

Mr Ward-Lilley had an extensive 28-year global pharmaceutical career at AstraZeneca before becoming Chief Executive Officer of Vectura Group PLC (the inhaled formulation and device development specialist) in September 2015. At Vectura he was responsible for leading the business through a critical period including the successful merger with Skyepharma. Mr Ward-Lilley stepped down in June 2019 leaving Vectura as a growing, cash generative business with a strong balance sheet and positive pipeline momentum.

At AstraZeneca Mr Ward-Lilley had a number of increasingly senior roles including leading the business in China to become the number one pharmaceutical company in the market in 2008. He went on to become Regional Vice President for Central Eastern Europe and the Middle East and led AstraZeneca's investor relations team during the transition of the Chair, CEO and strategy. Mr Ward-Lilley's last role at AstraZeneca was to lead the Respiratory, Inflammation & Autoimmunity franchise with responsibility for the revitalisation of one of AstraZeneca's three core therapeutic areas including the acquisitions of Almirall's respiratory business and Pearl Therapeutics. He was responsible for leading AstraZeneca's corporate device strategy in 2014/15 and was the key sponsor for AstraZeneca's initial investment in Adherium at the time of Adherium's IPO in 2015.

Mr Ward-Lilley is CCO for UK based Aerogen Group and a director for its subsidiary Aerogen Pharma Ltd. He has held no other Australian public company directorships in the last three years. The Board considers Mr Ward-Lilley to be an independent director.

The Company believes Mr Ward-Lilley's experience noted above is particularly relevant to its current strategy and the markets it operates in, and accordingly the Directors (excluding Mr Ward-Lilley) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Re-election of Mr Jeremy Curnock Cook as a Director

Board recommendation and undirected proxies. The Board (with the exception of Mr Curnock Cook due to his interest in the outcome) recommends that Shareholders vote in **FAVOUR** of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 3.

In accordance with clause 13.3(b) of the Company's Constitution and ASX Listing Rule 14.4, Mr Curnock Cook who is due to retire, is eligible for re-election and has submitted himself for re-election at this Meeting.

Resolution 3 provides for the re-election of Mr Curnock Cook as Director of the Company.

Mr Curnock Cook, MA, age 71, was appointed a director of the Company on its incorporation on 17 April 2015. Mr Curnock Cook was formerly head of the life science private equity team at Rothschild Asset Management in the UK and an active investor in the Australian life science sector. At Rothschild, Mr Curnock Cook was responsible for the launch of the first dedicated biotechnology fund for the Australian market. Over his 40-year career, Mr Curnock Cook has specialised in creating value in emerging biotech enterprises, through active participation with management. He has served on over 40 boards in various roles, including chair of private and public biotechnology companies listed on NASDAQ, LSE, TSX and ASX. Mr Curnock Cook received his MA in Natural Sciences from Trinity College in Dublin, Ireland. He is currently Managing Director of BioScience Managers (manager of major shareholders in Adherium), and sits on the board of Avita Medical Ltd, Rex Bionics Pty Ltd, Summatix Pty Ltd and Sea Dragon Ltd as well as a number of private UK and US based companies. Mr Curnock Cook was previously a director of Bioxyme Limited and Phylogica Limited.

Mr Curnock Cook held no other Australian public company directorships in the last three years. The Board considers Mr Curnock Cook to be an independent director.

As noted above Mr Curnock Cook has extensive commercial experience in the field the Company operates in, and accordingly the Directors (excluding Mr Curnock Cook) unanimously recommend that Shareholders vote in favour of Resolution 3.

4. Resolution 4 – Election of Mr Bruce McHarrie as a Director

Board recommendation and undirected proxies. The Board (with the exception of Mr McHarrie due to his interest in the outcome) recommends that Shareholders vote in **FAVOUR** of Resolution 4. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 4.

Resolution 4 provides for the re-election of Mr McHarrie as Director of the Company.

Mr McHarrie, B.Com, FCA, GAID, age 63, was appointed a director 20 July 2015 and is currently an independent director and consultant with over 20 years' experience in the health and life sciences sectors. He was formerly with Telethon Kids Institute in Perth, Western Australia, for 15 years, where his roles included Chief Financial Officer, Director of Operations and Director of Strategic Projects. Prior to joining Telethon Kids, Mr McHarrie was a Senior Manager at Deloitte in London before moving to Rothschild Asset Management as Assistant Director of the Bioscience Unit, a life sciences private equity group investing in early stage biotechnology and healthcare companies. Outside his role at Adherium, he is currently an advisor to BioScience Managers (manager of a major shareholder in Adherium), a director at AusCann (Australasian Medical Cannabis) and an independent consultant. Mr McHarrie is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. He holds a Bachelor of Commerce from the University of Western Australia and is a graduate member of the Australian Institute of Company Directors.

Mr McHarrie has held no other Australian public company directorships in the last three years. The Board considers Mr McHarrie to be an independent director.

Mr McHarrie's extensive commercial and finance experience is relevant to the Company's stage and brings financial oversight, and accordingly the Directors (excluding Mr McHarrie) unanimously recommend that Shareholders vote in favour of Resolution 4.

5. Resolution 5 – Ratification of prior issue of secured convertible note to Viburnum

As announced to the ASX market on 26 October 2020 Adherium entered into a subscription agreement with Viburnum Funds Pty Ltd ACN 126 348 990 (**Viburnum**) for the issue of \$3 million convertible note/s to Viburnum and convertible (subject to adjustment) into 100 million fully paid ordinary ADR shares at a conversion price of \$0.03 and as further detailed in Annexure B (**Viburnum Convertible Notes**).

ASX Regulatory Requirements

Under Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any 12-month rolling period without shareholder approval. Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue, and thereby refresh its ability in the future to issue further shares (equivalent in number to the share issue being ratified by this resolution) without obtaining prior shareholder approval.

The issue of the Viburnum Convertible Notes was within the 15% limitation imposed by ASX Listing Rule 7.1, however the Company is now seeking shareholder ratification and approval for the issue of Viburnum Convertible Notes (and as a consequence the fully paid ADR ordinary shares to which they are convertible).

In the event that Shareholders do not approve Resolution 5, the issue of the Viburnum Convertible Notes will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date by 100 million ADR shares.

ASX Listing Rule 7.4 information

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to ratify an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

- (a) The names of the allottee or the basis on which the allottees were identified or selected: *Viburnum Funds Pty Ltd ACN 126 348 990.*

- (b) The number of securities the entity issued:
The Viburnum Convertible Notes are convertible (subject to adjustment) into 100 million fully paid ordinary ADR shares at a conversion price of \$0.03 and as further detailed in Annexure B.
- (c) The date the securities were issued:
26 October 2020.
- (d) The issue price of the securities:
Subject to adjustment as outlined in Annexure B the Viburnum Convertible Note at the election of the noteholder is convertible into 100 million ADR shares.
- (e) The intended use of the funds raised:
The funds are intended to be used for working capital to assist the Company to complete its planned device and sensor development and initial commercialisation.
- (f) If the securities were issued under an agreement, a summary of the material terms of the agreement:
The terms of the Viburnum Convertible Notes are outlined in Annexure B.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 5.

6. Resolution 6 – Issue of Shares to Mike Motion

For the purposes of ASX Listing Rule 10.14 the Company seeks shareholder approval for the proposed issue to Mr Motion of that number of Shares credited as fully paid which at the 5-day VWAP to 30 June 2020 (being \$0.02355 - which is the **Issue Price**) is in aggregate equal to 50% of Mr Motion's actual performance award (which award was achieved to 25% of his base salary) for the year to 30 June 2020 earned by Mr Motion (**Plan Shares**).

The Plan Shares are to be issued, subject to shareholder approval, pursuant to the terms of the Company's Employee Share Plan previously approved by Shareholders (**Employee Share Plan**). The Plan Shares are not issued for a cash consideration and will vest on issue.

Corporations Act provisions

The Company has not sought shareholder approval under Chapter 2E of the Corporations Act as the Board believes that the total remuneration package for Mr Motion (including the proposed issues of the Plan Shares) represents reasonable remuneration for Mr Motion and is on reasonable commercial terms for a person in the position of Chief Executive Officer of a listed biotechnology company of the nature and size of Adherium.

Section 260A of the Corporations Act allows only limited circumstances under which a company may provide financial assistance for the acquisition of shares in itself without obtaining prior shareholder approval, including

- (a) the giving of the assistance which does not materially prejudice (i) the interests of the company or its shareholders, or (ii) the company's ability to pay its creditors, or
- (b) the assistance is approved by Shareholders under section 260B; or
- (c) the assistance is exempt under section 260C (relating to employee share schemes).

The Board is of the view that exemption (a) above is applicable, and at the relevant times will be applicable, to any loans that may be granted for the payment under a loan agreement under the Employee Share Plan. Accordingly the Company will not be seeking shareholder approval with respect to under Section 260A of the Corporations Act.

Application of ASX Listing Rules

ASX Listing Rule 10.14.1 effectively provides that an entity must not permit a director of the Company (or their associate) to acquire securities under an employee incentive scheme (such as the Employee Share Plan) without the prior approval of holders of ordinary securities.

In the event that shareholder approval to this Resolution 6 is obtained under ASX Listing Rule 10.14, further shareholder approval is not required under ASX Listing Rule 7.1 (see Listing Rule 7.2, Exception 14). If this Resolution 6 is not passed, the Company will not be able to proceed with the issue of any Plan Shares to Mr Motion at this time.

ASX Listing Rules

ASX Listing Rule 10.15 requires that the notice of meeting in relation to a proposed resolution to approve an issue of securities under Listing Rule 10.14, include the following information:

- (a) The name of the person to whom the securities will be issued and Listing Rule 10.14 category:
Mr Motion, being a director, and therefore related party, of the Company (Listing Rule 10.14.1 applies).
- (b) The number and class of securities to be issued to the person:
Mr Motion will be issued 1,061,951 Shares.
- (c) The details of Mr Motion's total remuneration package are:
The base annual salary for financial year 2020/21 is £300,000 plus statutory superannuation, to be reviewed annually by the Nomination and Remuneration Committee. The annual short-term incentive is a bonus of up to 100% of base salary, settled 50% in cash and 50% in equity, with achievement by reference to KPIs set by the Board of Directors.
- (d) The number of securities that have previously been issued to Mr Motion under the scheme and the average acquisition price (if any) paid by Mr Motion for those securities are as follows:
 - (i) *No Plan Shares have previously been awarded to Mr Motion;*
 - (ii) *On 14 April 2020 Mr Motion was issued 10,000,000 options under the separate Executive Share Option Plan (ESOP) with an exercise price of \$0.04 per share and an expiry date of 14 April 2027. This award and the terms of the ESOP were approved by Shareholders at the 24 July 2020 Extraordinary General Meeting.*
- (e) The date by which the entity will issue the securities:
No later than 1 month after the date of this Annual General Meeting.
- (f) The issue price of the securities:
\$0.02355, being the 5-day VWAP to 30 June 2020. No cash funds will be received by the Company upon the issue of the Plan Shares - rather they are to be issued in consideration of the agreed equity entitlement in proportion to the performance award for the year to 30 June 2020 earned by Mr Motion.
- (g) A summary of the material terms of the Scheme:
A summary of the material terms of the Employee Share Plan is set out in Annexure B.
- (h) A summary of the material terms of the loan that will be made to Mr Motion:
No loan will be provided to Mr Motion in respect of this award.
- (i) Additional Information
Details of any securities issued under this scheme will be published in the annual report of the Company relating to the period in which the above securities are issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under this scheme after this resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Recommendation

The Directors (other than Mr Motion) recommend that Shareholders vote in favour of Resolution 6. Due to the interest he has in the outcome of Resolution 6 Mr Motion makes no recommendation to Shareholders in relation to Resolution 6. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 6.

7. Resolution 7 – Approval of additional 10% Placement Facility

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 7. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 7.

The purpose of this Resolution 7 is to authorise the Company to issue up to a further 10% of its issued share capital (**Placement Securities**) through one or more placements under ASX Listing Rule 7.1A during the 10% Placement Period (as defined below) (**10% Placement Facility**) in addition to and without using the Company's 15% placement capacity under ASX Listing Rule 7.1. This would effectively provide the Company with a total placement capacity of 25% (less that part of its placement capacity already utilised and not available under ASX Listing Rule 7.1) for a period of up to 12 months from the date of the Company's 2020 AGM meeting (therefore expiring on the earlier of the Company's 2021 AGM or 30 November 2021).

If Resolution 7 is not approved, the Company will not be able to utilise the further 10% capacity which may otherwise be available to it under ASX Listing Rule 7.1A. In those circumstances the Company would be limited in new capital raising to its then capacity under ASX Listing Rule 7.1; any exceptions to that capacity limit under ASX Listing Rule 7.2 or otherwise subject to prior shareholder approval.

An "eligible entity" for the purposes of ASX Listing Rule 7.1A is an entity that (as at the date of the annual general meeting):

- is not included in the S&P / ASX 300 Index; and
- has a market capitalisation of \$300 million or less.

As at the date of this Notice of Meeting, the Company is an "eligible entity" for the purposes of ASX Listing Rule 7.1A.

Placement Securities issued must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of this Notice of Meeting has on issue one class of equity securities, namely fully paid ordinary shares (ASX Code: ADR).

The Company is seeking Shareholder approval by this special resolution to have the ability to issue Placement Securities. The exact number of Placement Securities that could be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and described below.

ASX Listing Rule 7.1A.2 provides that eligible entities that have obtained Shareholder approval at an annual general meeting under ASX Listing Rule 7.1A may issue, or agree to issue, during the 12-month period after the date of the annual general meeting, up to the number of equity securities (i.e. Placement Securities) calculated in accordance with the following formula:

$$(A \times D) - E$$

A = The number of fully paid shares on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of shareholders under ASX Listing Rules 7.1 or 7.4; and
- less the number of fully paid shares cancelled in the 12 months.

D = 10%.

E = The number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue, that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

Specific disclosures required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

a. Issue Price: In accordance with the ASX Listing Rule 7.1A.3, Placement Securities (if any) will be issued for *cash* at an issue price per security of not less than 75% of the volume weighted average market price of the Company's equity securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the securities are to be issued is agreed; or
- ii. if the securities are not issued within 10 trading days of the date mentioned in paragraph (i) above, the date on which the securities are issued.

b. Risk of Economic and Voting Dilution: If Resolution 7 is approved by Shareholders and the Company issues Shares under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted.

Shareholders should be aware that there is a risk that:

- the market price for the Company's equity securities in that class may be significantly lower on the date of the issue of the Placement Securities than on the date of the approval under Listing Rule 7.1A (being the date of the Annual General Meeting); and
- the Placement Securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the Placement Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Placement Securities.

The table below is included for illustrative purposes only and shows the dilution of existing Shareholders on the basis of the current market price of shares as at 23 October 2020 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting. The table also shows the voting dilution impact where the number of shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of shares issued under the 10% Placement Capacity.

Number of Shares on issue*	Number of Shares that may be issued under 10% Placement Facility	Dilution		
		Funds raised based on issue price of \$0.012 (50% decrease in issue price of \$0.024)	Funds raised based on issue price of \$0.024 (issue price)	Funds raised based on issue price of \$0.036 (50% increase in issue price of \$0.024)
678,534,060	67,853,406	\$814,241	\$1,628,482	\$2,442,723
1,017,801,090 (50% increase)	101,780,109	\$1,221,361	\$2,442,723	\$3,664,084
1,357,068,120 (100% increase)	135,706,812	\$1,628,482	\$3,256,963	\$4,885,445

* The number of shares on issue (variable "A" in the formula) could increase as a result of the issue of shares that do not require Shareholder approval under ASX Listing Rule 7.1 or that are issued with Shareholder approval under ASX Listing Rule 7.1.

Table 1 has been prepared on the following assumptions:

- the current shares on issue are the shares on issue as at the date of this Explanatory Memorandum;
- the current issue price set out above is the closing price of the shares on the ASX on 23 October 2020;
- the Company issues the maximum number of Placement Securities available under the 10% Placement Facility; and
- no options are exercised or convertible notes converted into shares before the date of the issue of the Placement Securities under the 10% Placement Facility.

c. Issue date

The Company will only issue Placement Securities during the 10% Placement Period (as defined below).

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of Shareholder approval until the earlier of:

- the time and date of the Company's 2021 AGM;
- the date that is 12 months after the date of approval under ASX Listing Rule 7.1A, that is any time up to 30 November 2021; or
- the date the Company obtains Shareholder approval for a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking),

("10% Placement Period").

d. Purpose of Issue

The Company may seek to issue Placement Securities for:

- cash consideration: The Company may use the funds raised (without limitation):
 - to advance initiatives in the commercialisation of the Company's technology in accordance with its business plan; or
 - for general working capital purposes.
- non-cash consideration: This may include (without limitation) an acquisition of new assets and other investments. If such circumstances arise, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

There are no current proposals to utilise the 10% Placement Facility. Should any specific proposals be approved by the Board, the Company will announce same to ASX as required by its continuous disclosure obligations.

e. Allocation Policy

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Placement Securities using the 10% Placement Facility. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a range of factors, including but not limited to, the following:

- the methods for raising funds that are available to the Company, including but not limited to, a rights issue and other fundraising structures in which existing security holders can participate;
- the effect of the issue of the Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

f. Previous Approval under ASX Listing Rule 7.1A

The total number of equity securities issued in the 12 months preceding the date of this Meeting is set out in the below table:

Type of Equity Security	Number	% of Number on issue at start of 12-month period
Ordinary shares	504,502,074	289.9%
Unlisted options	140,585,489	100.0%

The following are the details of all issues of equity securities by the Company during the 12 months preceding the date of this Meeting utilising the capacity available under Listing Rule 7.1A:

Date	Number of equity securities issued	Shareholder	Purpose of issue	Date approved by Shareholders	Price issued including discount to market price	Issued for cash? Value of non cash consideration and current value of that consideration at 2.4 cents per Share
5 June 2020	49,704,414 shares	BioScience Managers Translation Fund I	Placement	25 November 2019 and 24 July 2020	\$0.03	Issued for cash

8. Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions or make comments on the management of the Company at the Annual General Meeting.

Similarly, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions to the Company's external Auditor, PricewaterhouseCoopers (**PwC**), relevant to:

- (a) the conduct of the audit;
- (b) the preparation and contents of the audit;
- (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 PwC if the question is relevant to the content of PwC's audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2020.

Relevant written questions to PwC must be received by no later than 5:00pm (AEDT) on 25 November 2020. A list of those questions will be made available to Shareholders attending the meeting. PwC will either answer questions at the Meeting or table written answers to them at the meeting. If written

answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

Please send written questions for PwC to:

By facsimile - +61 3 9602 4709;

Post to – C/- Mertons Corporate Services Pty Ltd – Level 7, 330 Collins Street, Melbourne VIC 3000

by no later than 5:00pm (AEDT) on 25 November 2020.

Glossary

In this Explanatory Memorandum, and the Notice of Meeting:

Annual General Meeting / AGM means the annual general meeting of the Company to be held at 9:00am AEDT on 30 November 2020 pursuant to the Notice of Meeting.

Annual Report means the Directors' Report (including Remuneration Report), the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2020.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by the ASX.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX as amended from time to time.

Board means the board of directors of the Company.

Company means Adherium Limited.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Directors' Report means the annual Directors' Report prepared under chapter 2M of the Corporations Act for the Company and its controlled entity.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Key Management Personnel or **KMP** means the key personnel as disclosed in the Remuneration Report.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on Monday 30 November 2020.

Monthly Average Price means the average of daily closing prices of Shares as traded on the ASX for each calendar month.

Notice of Meeting or **Notice** means this notice of the Annual General Meeting.

Proxy Form means the proxy form accompanying this Notice of Meeting.

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2020 as set out in the Company's Director's Report for the year ended 30 June 2020.

Resolution means the resolutions referred to in the Notice of Meeting.

Shareholder means a holder of a Share.

Share means an ordinary share in the capital of the Company.

Annexure A - Key terms from the Convertible Note Deed

Term	Description
Interest:	9% per annum, payable quarterly in arrears. The Company has the choice of deferring payment of interest, in which case interest also accrues on the deferred interest payments. If penalty interest applies, then interest accrues at a rate of 11% per annum.
Maturity Date:	25 October 2022.
Security and priority:	The Notes are secured. Repayment of the Notes and other moneys owing under the Convertible Note Agreement is secured over the assets and undertaking of the Company pursuant to the terms of a general security agreement entered by the Company and the Noteholder. This security must be released by the Noteholder on the Convertible Notes being converted or redeemed and all other moneys owing being repaid.
Timing of Conversion:	The Noteholder may elect to Convert all of the Notes at \$0.03 per Share (Conversion Price) upon the satisfaction of at one of the following conditions: <ul style="list-style-type: none"> (a) ADR enters into a binding agreement to partner with an Industry Partner, (b) 6 months after the issue of the Note, (c) if there has occurred a Change of Control Trigger Event or an Event of Default, or (d) ADR agrees to an earlier conversion.
Shares to issue on Conversion:	The number of Ordinary Shares to be issued on exercise of a Conversion Right shall be determined by dividing the Face Value Amount of each Note outstanding, plus any accrued and unpaid interest owing, by the Conversion Price. The Conversion price shall be adjusted (Conversion Price Adjustments) for <ul style="list-style-type: none"> (a) consolidation, reclassification, redesignation or subdivision of the Ordinary Shares (collectively Capital Restructure); (b) dividend, repayment of capital or distribution of surplus assets, profits or otherwise (collectively a Distribution); and (c) any Share issues at a price less than current market price (a Discounted Issue) as detailed below.
Conversion Price Adjustments:	Where there is a Capital Restructure , the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Capital Restructure by A/B, where <p>"A" is the aggregate number of issued Shares immediately before the Capital Restructure, and</p> <p>"B" is the aggregate number of issued Shares immediately after, and as a result of, the Capital Restructure.</p> <p>Where there is a Distribution the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Distribution by (A-B)/A, where <p>"A" is the Current Market Price (being the lower of (i) the ASX closing price on the preceding trading day and (ii) a 5 day VWAP) on the first trading day the Shares traded ex-the Distribution rights; and</p> <p>"B" is the portion of the Fair Market Value (as determined by an independent financial adviser) of the aggregate Distribution attributable to one Share,</p> </p>

	<p>with such portion being determined by dividing the Fair Market Value of the aggregate Distribution by the number of Shares entitled to receive the relevant Distribution.</p> <p>Where there is a Discounted Issue of Shares (other than Shares issued on a Conversion or issued pursuant to ADR's employee incentive plans) or options (other than options issued pursuant to ADR's employee incentive plan) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Discounted Issue by $(A+B)/C$, where: "A" is the aggregate number of issued Shares immediately before the Discounted Issue, "B" is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price (as defined above) per Share, and "C" is the number of issued Shares immediately after the issue of such additional Shares.</p>
Regulatory Breach:	<p>ADR shall not effect the conversion of any Note to the extent that such issue would result in a Regulatory Breach (where a 'Regulatory Breach' is a prohibition against, or a restriction to, the Noteholder receiving Shares upon conversion by any applicable law or regulation in force in Australia).</p> <p>If a potential Regulatory Breach relates to the ASX Listing Rules or Chapter 6 of the Corporations Act, ADR must</p> <p>(a) Issue Shares on Conversion to the extent possible without causing a Regulatory Breach, and</p> <p>(b) in respect of the balance that cannot be issued under (a) above (Share Conversion Balance)</p> <p>(i) ADR must convene an ADR shareholders' meeting within 60 days to seek ADR shareholder approval to issue the Share Conversion Balance;</p> <p>(ii) if ADR shareholders do not approve the issue of the Share Conversion Balance within the 60 days then the Issuer will satisfy the balance of such Conversion Right by paying in cash in Australian Dollars in an amount equal to the VWAP of the Ordinary Shares on the Trading Day preceding the final day of the period.</p>
Change of Control or Capital Event:	<p>Following an announcement of a upcoming change of control of the Company, or the occurrence of a Capital Event (where ADR has not raised at least \$20m in cash or kind within 12 months of the issue of the Notes), the Noteholder has the right to require the Company to Convert or Redeem all of the Note (at an amount equal to 110% of the Face value plus accrued but unpaid interest).</p>
Redemption:	<p>Unless previously redeemed or converted, ADR will redeem the Note at its outstanding principal amount on the Maturity Date plus all accrued and unpaid interest.</p>
Events of Default:	<p>The Convertible Note Deed also includes customary events of default including:</p> <ul style="list-style-type: none"> • the Company fails to pay or repay amounts due, or issue Shares on Conversion or breaches an undertaking; • occurrence of an insolvency event;

	<ul style="list-style-type: none"> • ADR incurs any future indebtedness for monies borrowed or raised, or fails to pay any amount under any guarantee or indemnity, in each case where that occurrence has a material adverse effect on ADR; • enforcement proceedings are issued, or judgement entered, against the Company for an amount in excess of \$50,000; • any other security for an amount in excess of \$50,000 is enforced against the Company. <p>On the occurrence of an Event of Default, the Noteholder may require ADR to redeem or Convert the Note (at an amount equal to 110% of the Face value plus accrued but unpaid interest).</p>
Undertakings:	<p>The Company has given a number of undertakings to the Noteholder which apply whilst there are any Notes on issue, including:</p> <ul style="list-style-type: none"> (a) No reductions of share capital; (b) Not to create any security interests over its assets ; (c) Not to dispose of any assets in excess of a value of \$100,000; (d) Not to incur any financial indebtedness other than permitted indebtedness; (e) not to increase executive management costs by more than 5%; (f) not issue any equity linked securities (excluding securities under ADR's employee incentive plans).

Annexure B - Terms and conditions of Employee Share Plan

The Employee Share Plan (**ESP** or **Plan**) is administered by the Board. Pursuant to the rules of the Plan, the Board may determine, amongst other things:

- (a) the participants (which includes all Directors) who are eligible to participate in the Plan and purchase Shares under the Plan (**Plan Shares**) from time to time;
- (b) the price of the Plan Share and if a loan to acquire the Plan Shares will be provided by the Company to the participant for the purposes of acquiring the Plan Shares (**Plan Loan**);
- (c) the terms of the Plan Loan (including the loan agreement required to be executed by the participant) and any vesting conditions applicable to the Plan Shares; and
- (d) whether or not the Plan Loan will be secured or unsecured.

Under the Australian Executive Share Plan legal title to the Plan Shares will be held by the participant.

Key Terms of the Plan Loans

The key terms of each Plan Loan provided under the Plans are as follows:

- (e) the Plan Loan is a limited recourse loan, such that on the Repayment Date (defined below) the repayment obligation under the Plan Loan will be limited to the lesser of:
 - (i) the outstanding balance of the Plan Loan; and
 - (ii) the market value of the Plan Shares on that date.

The participant may elect for the Loan Shares to be provided to the Company in full satisfaction of the outstanding balance of the Plan Loan, in which case the Company must accept the Plan Shares as full settlement of the repayment obligation under the Plan Loan;

- (f) the Plan Loan may only be applied towards the subscription price for the Plan Shares;
- (g) the Plan Loan will be interest free;
- (h) by signing and returning a loan application, the participant acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it (other than in favour of the Company), by or on behalf of that participant until the Plan Loan is repaid in full to the Company;
- (i) the loan becomes repayable on (**Repayment Date**) the earliest of:
 - (i) Five years from the date on which the loan is advanced to the participant (or such other lesser period as specified by the Company in its invitation to the employee to apply for the Plan Shares);
 - (ii) subject to paragraph (iii) following, 90 days after the date of the participant's cessation of employment or engagement by the Company; or
 - (iii) six months after the participant ceases to be an employee of the Company due to their death or total and permanent disability (with repayment by the participant or the legal personal representative of the deceased participant);
- (j) notwithstanding paragraph (e) above, the participant may repay all or part of the Plan Loan at any time before the Repayment Date.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other fully paid ordinary Shares on issue in the capital of the Company. Holders of Plan Shares will be entitled to exercise all voting rights attaching to the Shares in

accordance with the Company's Constitution. In addition, holders of Plan Shares will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's Constitution.

The Plan Shares may only be sold by a participant where vesting conditions have been satisfied, the Plan Loan, or any unpaid part of it, has been repaid in full (otherwise any dealing by the participant in the Plan Shares is otherwise prohibited without the prior written consent of the Company), and other restrictions agreed with a participant have been complied with or expired.

Repayment of the Plan Loan

If the Plan Loan becomes due and payable under the loan agreement and the participant has not repaid the amount of the loan in full within 21 days of the due date, then the participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance and the Company may either (at its election) take such action in the participant's name (under a power of attorney) or direct that the participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back or cancellation of the Plan Shares or selling the Plan Shares.