

Notice of Annual General Meeting 21 November 2019 and Explanatory Statement

By order of the Board

18 October 2019

Sandra McIntosh

Company Secretary

NOTICE is hereby given that the Annual General Meeting of Members of Regeneus Ltd (**the Company**) will be held at the offices of Dentons Australia Limited, Level 16, 77 Castlereagh Street, Sydney, NSW, Australia on Thursday 21 November at 3.00pm (Sydney time).

ORDINARY BUSINESS

Financial Report

To receive the financial statements of the Company for the year ended 30 June 2019 together with the Directors' Report and the Auditor's Report.

RESOLUTIONS

RESOLUTION 1: Adoption of the Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2019 be adopted."

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

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution:

- by key management personnel or their closely related parties; or
- as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2: Re-election of a Director, John Chiplin

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

"That John Chiplin, who retires as a Director of the Company by rotation in accordance with clause 3.3 of the Company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company".

RESOLUTION 3: Re-election of a Director, Alan Dunton

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

"That Alan Dunton, who retires as a Director of the Company by rotation in accordance with clause 3.3 of the Company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company".

RESOLUTION 4: Approval of additional placement capacity under Listing Rule 7.1A

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

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

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the above resolution by:

- a person who may participate in the 10% placement facility; and
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, and any such associates of such a person.

At this point in time, there is no potential allottee to whom securities may be issued under this resolution.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: Re-approval of the Regeneus Share Option Plan

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

"That for the purpose of ASX Listing Rule 7.2, exception 9, and for all other purposes, shareholders approve the Share Option Plan, a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting, and the issue of shares under the Share Option Plan".

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by key management personnel and their associates or their closely related parties.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

In addition, the Company will disregard any votes cast in favour of the above resolution (in any capacity) by or on behalf of a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides .

RESOLUTION 6: Approval of issue of options to Director under Executive Service Agreement - Leo Lee

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

"That for the purpose of ASX Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 5,000,000 options to Leo Lee on such terms and conditions set out in the Explanatory Notes accompanying the Notice of Meeting".

Voting Exclusion Statement

The Company will disregard any votes cast:

- in favour of the above resolution by Leo Lee and his associates; or
- on the resolution as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7: Approval of issue of options to Director - Leo Lee

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

"That for the purpose of ASX Listing Rule 10.11, and for all other purposes, shareholders approve the issue of 10,000,000 options to Leo Lee on such terms and conditions set out in the Explanatory Notes accompanying the Notice of Meeting".

Voting Exclusion Statement

The Company will disregard any votes cast:

- in favour of the above resolution by Leo Lee and his associates; or
- on the resolution as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8: Ratification of the issue of shares pursuant to placement

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

"That for the purpose of ASX Listing Rule 7.4, and for all other purposes, shareholders approve and ratify the issue of 29,250,000 fully paid ordinary shares to certain institutional, sophisticated and professional investors at an issue price of \$0.08 per share on the terms and conditions set out in the Explanatory Notes accompanying the Notice of Meeting".

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the above resolution by or on behalf of a person who participated in the issue or an associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Determination of Entitlement to Attend and Vote

The Company has determined that the holders of the Company's ordinary shares for the purpose of the Annual General Meeting will be the registered holders of ordinary shares at **7.00pm (Sydney time) on Tuesday 19 November 2019**.

Attendance at the Annual General Meeting

In person: You may attend the Annual General Meeting in person at the date, time and place specified in the Notice of Meeting. Prior registration is not required.

By proxy: A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. A member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

If you would like to appoint a proxy to attend the meeting on your behalf, this can be done by completing and signing the attached proxy form and sending it by post to Regeneus Ltd, c/o Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235 or by facsimile to Link on +61 2 9287 0309 by no later than **3.00pm (Sydney time) on Tuesday 19 November 2019**, being not less than 48 hours before the time for holding the meeting. Alternatively, proxy forms may also be lodged online at Link Market Services' website www.linkmarketservices.com.au in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The proposed Chair of the meeting intends to vote undirected proxies in favour of each of the eight resolutions.

By power of attorney: If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by

Link Market Services Limited by post to Locked Bag A14 Sydney South NSW 1235, or by facsimile to Link on +61 2 9287 0309 by no later than **3.00pm (Sydney time) on Tuesday 19 November 2019**, being not less than 48 hours before the time for holding the meeting.

By corporate representative: A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting pursuant to section 250D of the *Corporations Act 2001* (Cth). Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

Questions from Members

Members who are unable to attend the Annual General Meeting and would like to ask questions of the Board concerning matters to be considered at the Annual General Meeting, are invited to do so by completing the form included with this Notice.

Your questions are important to us and although we may not be able to reply to each question individually, we will respond to as many of the frequently asked questions as possible at the Annual General Meeting, or otherwise after the meeting.

Enquiries

For further information relating to the 2019 Annual General Meeting, please contact the Company Secretary at sandra.mcintosh@regeneus.com.au or call + 61 2 9499 8010.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of Annual General Meeting dated 18 October 2019. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of Meeting.

1. Financial Report

As required by section 317 of the *Corporations Act 2001* (Cth), the Financial Report, Directors' Report, Directors' Declarations and the Independent Audit Report of the Company for the financial year ended 30 June 2019 will be laid before the Annual General Meeting.

Shareholders will be provided with the opportunity to raise questions in relation to the reports, however there will be no formal resolution put to the meeting. The Company's Auditor will be present at the meeting and shareholders will also be given the opportunity to ask the Auditor questions on the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company for the preparation of the financial statements and the independence of the Auditor.

2. RESOLUTION 1: Adoption of the Remuneration Report

The *Corporations Act 2001* (Cth) requires that listed companies include a Remuneration Report in their Directors' Report. The Remuneration Report includes information in respect of the Company's remuneration policies in respect of Directors and executives, including the relationship between remuneration policies and the Company's performance, prescribed details of Directors and executives, details of securities included in the remuneration of Directors and executives and details of persons employed under a contract.

The resolution to adopt the Remuneration Report has been put to the shareholders in accordance with section 250R(2) of the *Corporations Act 2001* (Cth). Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company. However, if more than 25% of the votes are cast against two consecutive annual section 250R(2) resolutions, the *Corporations Act 2001* (Cth) requires a shareholder vote on whether to convene a special meeting at which all directors (other than a managing director) who were in office when the second section 250R(2) resolution was passed must stand for re-election.

The Chair will allow a reasonable opportunity at the meeting for shareholders as a whole to ask questions about or make comments on the Remuneration Report.

The Directors will consider the outcome of this vote and any comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 1:

"key management personnel" (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"closely related party" means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 1.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 1.

3. RESOLUTION 2: Re-election of a Director, John Chiplin

John Chiplin was appointed by the Board in April 2019 as a Non-executive Director. As it is the first AGM since being appointed, he offers himself for re-election as a Director of the Company.

His experience, qualifications, and special responsibilities are set out on page 4 of the Company's 2019 Financial Report.

4. RESOLUTION 3: Re-election of a Director, Alan Dunton

Alan Dunton was appointed by the Board in April 2019 as a Non-executive Director. As it is the first AGM since being appointed, he offers himself for re-election as a Director of the Company.

His experience, qualifications, and special responsibilities are set out on page 4 of the Company's 2019 Financial Report.

5. RESOLUTION 4: Approval of additional placement capacity under Listing Rule 7.1A

5.1 General

Listing Rule 7.1A enables eligible entities to issue "**Equity Securities**" (as defined in the Listing Rules) of up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph 5.2(c) below).

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has on issue one class of quoted equity securities being ordinary shares. The company has the following securities on issue:

- (i) 268,387,116 listed fully paid ordinary shares;
- (ii) unlisted options issued under employee incentive schemes exercisable at:
 - A. 770,100 @ \$0.136 each prior to 30 June 2020;
 - B. 1,001,674 @ \$0.136 each prior to 20 February 2021; and

C. 900,000 @ \$0.16 each prior to 20 October 2019

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval; and
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 268,387,116 Shares and therefore has a capacity to issue:

- (i) 40,258,067 Equity Securities under Listing Rule 7.1 (subject to any prior issues of Equity Securities that were not issued under either an exception in Listing Rule 7.2 or with the approval of shareholders and that therefore may count towards the placement capacity under Listing Rule 7.1); and
- (ii) 26,838,711 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph 5.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class

calculated over the 15 'Trading Days' (as defined in the Listing Rules) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five (5) Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

5.3 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the table below (in the case of listed options, only if the listed options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity 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,

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

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

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata

entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0345 50% decrease in Issue Price	\$0.069 Issue Price	\$0.138 100% Increase in Issue Price
Current Variable "A" 268,387,116 shares	10% Voting Dilution	26,838,711	26,838,711	26,838,711
	Funds raised	\$925,935	\$1,851,871	\$3,703,742
50% increase in current Variable "A" 402,580,674 shares	10% Voting Dilution	40,258,067	40,258,067	40,258,067
	Funds raised	\$1,388,903	\$2,777,806	\$5,555,613
100% increase in current Variable "A" 536,774,232 shares	10% Voting Dilution	53,677,423	53,677,423	53,677,423
	Funds raised	\$1,851,871	\$3,703,742	\$7,407,484

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No listed options (including any listed options issued under the 10% Placement Facility) are exercised into shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into shares for the purpose of calculating

the voting dilution effect on existing shareholders.

- (vii) The issue price is \$0.069c, being the closing price of the shares on ASX on 4 October 2019.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised to accelerate its product developments and/or general working capital (including head office operations).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (f) The Company has previously obtained shareholder approval under Listing Rule 7.1A. There have been no equity securities issued in the 12 months preceding the date of this Annual General Meeting.

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

5.4 Reasons for Seeking Approval

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

5.5 Board Recommendation

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this resolution.

6. RESOLUTION 5: Re-approval of Share Option Plan

6.1 General

Resolution 5 seeks shareholder approval for the Company's existing Share Option Trust Plan (**Plan**) for the purposes of ASX Listing Rule 7.2 exception 9(b), the Corporations Act and for all other purposes.

The Plan was first approved and formally adopted prior to the Company listing in 2013. The Plan was subsequently approved by shareholders at the Company's 2016 Annual General Meeting. The Plan is designed to assist in the reward, motivation and retention of personnel (including Directors, eligible employees and contractors). The Plan is designed to recognise the abilities, efforts and contributions of participants in the Company's performance and success and provide the participants with an opportunity to acquire or increase their ownership interest in the Company.

ASX Listing Rule 7.1, exception 9(b) provides that ASX Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if, within three years before the date on which the securities are issued, shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

The purpose of Resolution 5 is to refresh shareholder approval of the Plan for a further three years so that securities issued pursuant to the Plan are not included within the limit of 15% of issued shares that can be issued without shareholder approval. In accordance with ASX Listing Rule 7.1, exception 9, a summary of the key terms of the Plan and the number of securities issued under the Plan is set out below.

If Resolution 5 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants during the period up to 19 October 2022 without affecting the Company's ability to separately issue up to 15% of its total ordinary securities in any 12-month period (without having to obtain a further shareholder approval). The Board believes this will provide the Company with the flexibility necessary to raise additional capital as and when appropriate.

6.2 Summary of the Plan

The Plan is designed to assist in the reward, motivation and retention of personnel (including Directors, eligible employees and contractors (**Participants**)). Participants may participate in the Plan by the grant of either shares or options over shares.

Regeneus has established the "Regeneus Limited Option Share Trust" (**Trust**) as the vehicle for acquiring, holding and selling shares and options on behalf of the Participants (to date only options have been issued under the Plan). The trustee of the Trust (**Trustee**) is bound by the terms of the Plan and also a trust deed giving powers to the Trustee in connection with the Plan.

The terms on which shares and options are granted under the Plan, including the terms on which options will vest, are set out in individual letters of offer to Participants. Vesting conditions may be a combination of service and performance conditions, as determined by the directors of the Company.

When a Participant accepts an invitation to participate in the Plan, the Participant's interests in any shares or options allocated will be financed by a limited recourse loan from the Trust to the Participant. Such loans will be interest free and limited recourse. The Company or Trustee will also, upon request, provide an interest free limited recourse loan equal to the amount necessary to pay the exercise price for any options held by the Trustee for the benefit of a Participant. Interests of Participants under the Plan are held by units in the Trust rather than a direct holding of the Share or options.

If the Participant's employment ceases prior to any options under the Plan vesting or being exercised, and/or any shares under the Plan being transferred to the Participant, the Participant's entitlement to such shares or options will lapse and the units in the Trust held by the Participant may be cancelled.

The Plan operates on an ongoing basis. An offer or issue of shares or options under the Plan to a Participant may only be made under the Plan if the number of such shares or options, together with the number of shares and options then on issue pursuant to the Plan or any other employee share scheme does not exceed 12% of the total number of issued shares on a fully diluted basis as at the time of the offer.

6.3 Details of Equity Securities issued under the Plan

As at the date of this notice of meeting, NIL options have been issued under the Plan since the Plan was last approved at the 2016 Annual General Meeting, of which 2,671,774 are outstanding.

6.4 Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 5:

"key management personnel" (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"closely related party" means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 5.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 5.

7. RESOLUTION 6: Approval of issue of options to Director under Executive Service Agreement - Leo Lee

7.1 General

Resolution 6 seeks shareholder approval under ASX Listing Rule 10.11 to issue 5,000,000 options to Leo Lee or his nominee. The options were agreed to be issued to Mr Lee at the time of his appointment as Chief Executive Officer of the Company in January 2019. Details of the options were announced to the market on 1 February 2019.

The Remuneration Report, on pages 8 to 12 of the 2019 Financial Report, sets out details of Mr Lee's remuneration for the period to June 2019.

The purpose of the grant of options is to both remunerate and incentivise Mr Lee by aligning his remuneration with the medium to long-term performance of the Company and to the delivery of long-term value creation for shareholders. It is the Board's view that the proposed grant of options supports these objectives.

The options to be granted will vest upon the satisfaction of agreed performance conditions.

7.2 Description of Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including options) to a related party. As a director of the Company, Leo Lee is considered to be a related party of the Company.

Accordingly, shareholder approval is sought under ASX Listing Rule 10.11.

7.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the options to Leo Lee:

- (a) The options will be issued to Leo Lee, or his nominee.
- (b) The maximum number of options to be issued to Leo Lee under the approval sought by resolution 6 is 5,000,000.
- (c) The options will be issued immediately following approval by shareholders at the AGM and, in any event, no later than 1 month after the date of the AGM.
- (d) Leo Lee is a director of the Company.
- (e) The options will be issued for nil consideration.
- (f) The terms of the options are as follows:
 - a. the options are to be granted in four equal "tranches" and will vest upon satisfaction of agreed performance conditions over the period from the date of issue until 31 January 2021;
 - b. the options will expire 5 years after the date of grant of the options;
 - c. the options are proposed to be issued for nil consideration and with an exercise price per options of:
 - i. for 2,500,000 of the options – A\$0.20; and
 - ii. for 2,500,000 of the options – A\$0.25..
- (g) The intended use of funds is for general working capital purposes.
- (h) A voting exclusion statement applies to this item of business, as set out in the notice.

7.4 Board Recommendation

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and (other than Leo Lee) unanimously recommend that shareholders vote in favour of this resolution.

7.5 Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 6:

"key management personnel" (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly,

including any Director (whether executive or otherwise) of the Company.

“**closely related party**” means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 6.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 6.

8. RESOLUTION 7: Approval of issue of options to Director - Leo Lee

8.1 General

Resolution 7 seeks shareholder approval under ASX Listing Rule 10.11 to issue 10,000,000 options to Leo Lee or his nominee. The options were agreed to be issued to Mr Lee in connection with the restructuring of his remuneration. Details of the restructure of Mr Lee's remuneration were announced to the market on 13 August 2019. Mr Lee, agreed to reduce his potential cash compensation of A\$650,000 per annum (comprising base salary of A\$325,000 and cash bonus of up to A\$325,000) to A\$290,000 per annum to maximise cash utilisation by the Company.

The Remuneration Report, on pages 8 to 12 of the 2019 Financial Report, sets out details of Mr Lee's remuneration for the period to June 2019.

The purpose of the grant of options is to both compensate Mr Lee for the reduction in cash compensation and to incentivise Mr Lee by aligning his remuneration with the medium to long-term performance of the Company and to the delivery of long-term value creation for shareholders. It is the Board's view that the proposed grant of options supports these objectives.

The options to be granted will vest upon the satisfaction of agreed performance conditions, including Mr Lee remaining contracted to the Company.

8.2 Description of Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including options) to a related party. As a director of the Company, Leo Lee is considered to be a related party of the Company.

Accordingly, shareholder approval is sought under ASX Listing Rule 10.11.

8.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the options to Leo Lee:

- (a) The options will be issued to Leo Lee, or his nominee.
- (b) The maximum number of options to be issued to Leo Lee under the approval sought by Resolution 7 is 10,000,000.
- (c) The options will be issued immediately following approval by shareholders at the AGM and, in any event, no later than 1 month after the date of the AGM.

- (d) Leo Lee is a director of the Company.
- (e) The options will be issued for nil consideration.
- (f) The terms of the options are as follows:
 - a. the options are to be granted in three separate "tranches" and will vest upon satisfaction of agreed performance conditions over the period from the date of issue until 31 December 2023;
 - b. the options will expire 5 years after the date of grant of the options;
 - c. the options are proposed to be issued for nil consideration and with an exercise per options of:
 - i. for 3,500,000 of the options (Tranche 1) – A\$0.10;
 - ii. for 3,500,000 of the options (Tranche 2) – A\$0.15;
 - iii. for the remainder of the options (Tranche 3) –
 - 1. for 750,000 of the options – A\$0.20;
 - 2. for 750,000 of the options – A\$0.25;
 - 3. for 750,000 of the options – A\$0.30; and
 - 4. for 750,000 of the options – A\$0.35.
- (g) The intended use of funds is for general working capital purposes.
- (h) A voting exclusion statement applies to this item of business, as set out in the notice.

8.4 Valuation of options

The Hoadley option price calculation method has been used as a valuation model in the current circumstances where the options cannot be readily valued by some other means.

The key assumptions used in this calculation are:

- (a) The terms of the options as set out above.
- (b) The price volatility of the shares in the Company – in this case being 91%.
- (c) The average current risk free interest rate - being 0.745%.

On this basis the implied value of the options proposed to be granted to Mr Lee is as follows:

Option strike price	Implied value per option	Number of options	Total implied value of options to be issued
A\$0.10;	A\$0.04399	3,500,000	\$153,965
A\$0.15	A\$0.03921	3,500,000	\$137,235
A\$0.20	A\$0.03691	750,000	\$27,683
A\$0.25	A\$0.03422	750,000	\$25,665
A\$0.30	A\$0.03201	750,000	\$24,008
A\$0.35	A\$0.03015	750,000	\$22,613
TOTAL		10,000,000	\$391,169

8.5 Board Recommendation

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and (other than Leo Lee) unanimously recommend that shareholders vote in favour of this resolution.

8.6 Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 7:

"key management personnel" (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"closely related party" means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 7.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 7.

9. RESOLUTION 8: Ratify issue of shares under placement

9.1 General

On 7 August 2019, the Company successfully completed a placement to institutional, sophisticated and professional investors of 29,250,000 ordinary shares in accordance with Listing Rule 7.1.

Resolution 8 seeks shareholder ratification of the issue of these ordinary shares in accordance with Listing Rule 7.4.

9.2 Description of ASX Listing Rule 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to the exceptions under ASX listing Rule 7.1, issue or agree to issue shares during any 12 month period in excess of 15% of the number of shares on issue at the commencement of that 12 month period without shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 by permitting the ratification of previous issues of shares which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the 15% threshold set out by Listing Rule 7.1. If the shareholders of a company approve the ratification of such previous issues of shares at a general meeting, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

Accordingly, if shareholders ratify the Company's previous issue of shares (made under ASX Listing Rule 7.1) by way of approving Resolution 8, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 15% placement capacity.

9.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of shares under placement:

- (a) The number of securities issued was 29,250,000 ordinary shares.
- (b) The shares were issued at \$0.08 per share.
- (c) The shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue.
- (d) The shares were issued to institutional, sophisticated and professional investors, none of whom were related parties of the Company.
- (e) The Company received \$2.34 million from the issue of the shares. The funds will be used to fund the commercialization of Progenza for osteoarthritis in Japan and for general working capital purposes.
- (f) A voting exclusion statement applies to this item of business, as set out in the notice.

9.4 Board Recommendation

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this resolution.

This will enable the Company to retain the flexibility to issue further equity securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a 12-month period without seeking further Shareholder approval.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 8.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 8.


REGENEUS LTD
ACN 127 035 358


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Regeneus Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (AEDT) on Thursday, 21 November 2019 at offices of Dentons Australia Limited, Level 16, 77 Castlereagh Street, Sydney, NSW, Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 5, 6 & 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 5, 6 & 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Re-approval of the Regeneus Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of a Director, John Chiplin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of issue of options to Director under Executive Service Agreement - Leo Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of a Director, Alan Dunton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of issue of options to Director - Leo Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of additional placement capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Ratification of the issue of shares pursuant to placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. 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 in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO 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 those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, 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 placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (AEDT) on Tuesday, 19 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**