



NOTICE OF ANNUAL GENERAL MEETING

THE HYDRATION PHARMACEUTICALS COMPANY LIMITED ACN 620 385 677

TIME: 11:00am (AEST)

DATE: Friday, 5 May 2023

PLACE: cdPlus Corporate Services, Level 42, Rialto South
Tower, 525 Collins Street, Melbourne VIC 3000

Important notice

This Notice of Annual General Meeting should be read in conjunction with the Explanatory Memorandum. The Explanatory Memorandum contains important information about the matters to be considered at the Annual General Meeting of The Hydration Pharmaceuticals Company Limited and to assist shareholders to determine how to vote on the Resolutions set out in this Notice.

Should you wish to discuss any of the matters detailed in this Notice, please do not hesitate to contact the Company Secretary on +61 3 9614 2444 or hydralytecosec@cdplus.com.au.

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Notice of Annual General Meeting of Shareholders of The Hydration Pharmaceuticals Company Limited

Notice is given that the annual general meeting of Shareholders of The Hydration Pharmaceuticals Company Limited ACN 620 385 677 (**HPC** or the **Company**) will be held:

- on **Friday, 5 May 2023 at 11:00am (AEST)**
- in person at **cdPlus Corporate Services, Level 42, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000**

AND

- streamed live virtually for Shareholders to view and participate.

Please see Important Information section below for details.

Important Information

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEST) on Wednesday, 3 May 2023.

Voting in person at the Meeting

Shareholders will be able to attend and vote at the Meeting in person. To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy or online prior to Meeting

The Meeting will also be streamed live via webcast for Shareholders to view the Meeting.

The Company encourages all Shareholders to utilise the online facilities offered. Shareholder will be able to view the live webcast of the Meeting, vote online in real time and ask Directors questions online.

To vote by proxy prior to the Meeting, you will need to appoint a proxy and either direct the proxy how to vote on each Resolution, or allow the proxy to exercise their discretion in voting your shares.

To appoint a proxy online, please go to <https://investor.automic.com.au/#!/loginsah> and follow the instructions on your Voting Form.

You may also appoint a proxy by completing and signing the enclosed Voting Form and returning it by the time and in accordance with the instructions set out on the Voting Form.

Proxies will be able to:

- attend the Meeting in person, vote in accordance with their proxy instructions and ask Directors questions in person;
- or

- view the live webcast of the Meeting, vote online in real time in accordance with their proxy instructions and ask Directors questions online.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy; and
- the proxy need not be a Shareholder of the Company; and
- 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 the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholders' votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (ie. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at the Meeting; and
- the appointed proxy is not the Chair; and
- at the Meeting, a poll is duly demanded on the Resolution, or is otherwise required under section 250JA, on the question that the Resolution be passed; and
- either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy does not vote on the Resolution,

the Chair is taken, before voting on the Resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the Meeting.

Direct voting

In accordance with clause 7.10 of the Constitution, the Directors may:

- decide that, at any general meeting or class meeting, a member who is entitled to attend and vote on a resolution at the meeting is entitled to a direct vote in respect of that resolution. A 'direct vote' includes a vote delivered to the company by post or other electronic means approved by the directors; and
- prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a director vote at a meeting in order for the vote to be valid.

Direct voting prior to the Meeting

A Shareholder may deliver a direct vote by indicating on the Voting Form that they are casting their vote directly and then placing a mark in one of the boxes opposite each item of business on the Voting Form. All of the Shareholder's shares will be voted in accordance with such direction, unless the Shareholder indicates that their direction is:

- to vote only a portion of their votes on any item; or
- to cast their votes in different ways on any item, by inserting the number of shares in the appropriate box or boxes.

If a Shareholder indicates that they are lodging their votes directly and then does not mark any of the boxes on a given item, no direct vote will be recorded on that item.

If a Shareholder indicates that they are delivering their votes directly and then marks more than one box on an item, their vote on that item will be invalid. If a Shareholder inserts a number of shares in boxes on any item that in total exceeds the number of shares that the Shareholder holds as at the voting entitlement time, the Shareholder's vote on that item will be invalid, unless the Shareholder inserted the number of shares in one box only, in which case it will be taken to be valid for the total number of shares held at that time.

Direct voting during the Meeting

In accordance with clause 7.10 of the Constitution, the Chair has determined that a Shareholder who is entitled to attend and vote at the Meeting may submit a vote during the Meeting via the online meeting platform provided by the Share Registry.

To attend the Meeting virtually please follow the instructions below on your computer, tablet or smartphone. Online registration will open 30 minutes before the meeting. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready.

Proxyholders will need to contact Automic prior to the meeting to obtain their login details.

Shareholders who wish to participate in the Meeting online may do so through an online meeting platform provided by the Share Registry:

If you choose to participate in the Meeting online, you can access the Meeting as follows:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "**register**" if you haven't already created an account.
Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "**Register**" when this appears. Alternatively, click on "**Meetings**" on the left hand menu bar to access registration.
4. Click on "**Register**" and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

Attending the Meeting online enables Shareholders to view the Meeting live and to also ask questions and cast votes at the appropriate times whilst the Meeting is in progress.

A complete guide to registering your attendance and voting at the virtual Meeting is available to view and download from <https://www.automicgroup.com.au/virtual-agms/>.

Shareholders who submit direct votes prior to the Meeting will be deemed to have appointed the Chair as their proxy and representative for the purposes of determination of quorum.

Corporate representatives

A Shareholder that is a body corporate may appoint an individual to act as its representative at the Meeting by providing a duly executed certificate of appointment of corporate representative (**Certificate**). Unless otherwise specified in the Certificate, the representative may exercise all or any of the powers that the body corporate may exercise at the Meeting or in voting on a Resolution. A Certificate is available upon request from the Share Registry.

Appointments must be lodged in advance of the Meeting with the Company's Share Registry.

BUSINESS OF THE ANNUAL GENERAL MEETING

Ordinary business

1. Financial Statements and Reports

To receive and consider the Annual Report of the Company for the financial year ended 31 December 2022, including the financial statements, Directors' Report, the Remuneration Report and the auditor's report.

2. Resolution 1 - Adoption of Remuneration Report

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

“THAT, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 31 December 2022.”

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

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any Restricted KMP Voter. However, a Restricted KMP Voter may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a Restricted KMP Voter and either:

- the Restricted KMP Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- the Restricted KMP Voter is the Chair and the appointment of the Chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director – Mr Adem Karafili

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

“THAT Adem Karafili having retired from office as a Director in accordance with Rule 8.1(d) of the Constitution and ASX Listing Rule 14.5, and being eligible, having offered himself for re-election, be re-elected as a Director of the Company.”

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

4. Resolution 3 - Ratification of prior issue of Tranche 1 Warrants

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

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 22,413,794 Tranche 1 Warrants to Pure Asset Management Pty Ltd as trustee for The Income and Growth Fund on 10 November 2022 on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, Pure Asset Management or any of their Associates.

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- 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 this Resolution; and
- the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair intends to vote all undirected proxies in favour of this Resolution.

5. Resolution 4 – Approval of issue of Tranche 2 Warrants

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

“THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, and subject to, and to the extent of, the Company drawing down the Second Facility within three months after the Meeting, Shareholders approve the issue and allotment of a number of Tranche 2 Warrants to Pure Asset Management Pty Ltd as trustee for The Income and Growth Fund as calculated in accordance with, and otherwise on, the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Pure Asset Management or a person who may obtain a material benefit as a result of, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

6. Resolution 5 - Approval of 10% Placement Capacity

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

“THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period from the date of the Meeting, at a price no less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in the issue of equity securities under this Resolution or a person who may obtain a material benefit as a result of, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and

- the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Note: As at the date of this Notice, the Company is not proposing to make any issue of equity securities under ASX Listing Rule 7.1A. Accordingly, no Shareholders are excluded from voting on this Resolution.

The Chair intends to vote all undirected proxies in favour of this Resolution.

7. Resolution 6 - Approval to amend the Company's Constitution

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

“THAT, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given to the Company to modify the Company's Constitution, by making the amendments summarised in the Explanatory Memorandum.”

The Chair intends to vote all undirected proxies in favour of this Resolution.

8. Resolution 7 - Approval to Amend Equity Incentive Plan

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

“THAT, for the purposes of sections 200B and 200E, of the Corporations Act, ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, Shareholders approve the modifications to the Company's Employee Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, any person who is eligible to participate in the EIP, or any of their Associates. However, the Company need not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair of the Meeting to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a vote must not be cast on this Resolution by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel acting as a proxy if their appointment does not specify the way the proxy is to vote on this Resolution. However, a vote may be cast by such persons if:

- it is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions on the proxy form; or
- it is cast by the Chair (who is a member of the Key Management Personnel) as a proxy and the proxy appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Further, pursuant to section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Company's Employee Incentive Plan or their Associates, otherwise the participant or potential participant will not be able to access the benefit of this Resolution in relation to their future retirement. However, a vote may be cast by such a person if:

- the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- it is not cast on behalf of the person or an Associate of the person.

The Chair intends to vote all undirected proxies in favour of this Resolution.

9. Other Business

To transact any other business which may legally be brought before the Meeting.

Dated: 4 April 2023

By order of the Board

Victoria Nadalin

Company Secretary

The Hydration Pharmaceuticals Company Limited

For personal use only

EXPLANATORY MEMORANDUM

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report of the Company for the financial year ended 31 December 2022 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at <https://hydralyte.com/pages/investors>

Shareholders will be given a reasonable opportunity to ask questions and make comments on the reports, and on the management of the Company, and to ask questions of the auditor.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and other Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report. The Chair must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at two consecutive annual general meetings, at least 25% of the votes cast on a resolution in respect of a remuneration report vote against the adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to a vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting. If a Spill Resolution is put to shareholders, all of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting each person whose election or re-election as a director of the company was approved will continue as a director of the company.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of votes cast. Accordingly, a Spill Resolution is not required for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Person appointed as proxy	Where directions are given on Voting Form	Where no directions are given on Voting Form
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of proxy if expressly authorised to do so under the Voting Form ⁴
Other	Vote as directed	Able to vote at discretion of proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that Key Management Personnel.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of the Chair.

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Voting Form notes that it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. Resolution 2 – Re-election of Director – Mr Adem Karafili

3.1 General

Rule 8.1(d) of the Constitution sets out that no director, who is not the chief executive officer, may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected. Further, Rule 8.1(i) of the Constitution notes that the retirement of a director and the re-election of a director under the Constitution takes effect at the conclusion of the meeting at which the retirement and re-election occurs.

In accordance with Rule 8.1(d) and Rule 8.1(i) of the Constitution, Mr Adem Karafili will retire as Director at the Meeting and, being eligible, will stand for re-election.

If Resolution 2 is passed, Mr Adem Karafili will continue to be a Director and remain on the Board. If Resolution 2 is not passed, Mr Adem Karafili will cease to be a Director effective as of the end of the Meeting.

Personal particulars for Adem Karafili are set out below.

3.2 Adem Karafili

Adem is the Chairman and founder of ANGL Korp, his investment vehicle for both ventures and investments. In his previous career, Adem was a highly effective executive across a range of sectors and industries, having spent the last seven years establishing Swisse Wellness as the leading global health and wellness brand before it's sale to Biostime International for over \$1.7 billion. While at Swisse, Adem held senior positions of Chief Financial Officer, Chief Operating Officer and Managing Director. Adem is also the executive Chairman of TopShelf International Ltd (ASX: TSI). Adem is a CPA, having studied a Bachelor of Business Administration (B.B.A.) - Accounting.

3.3 Board Recommendation

The Board (other than Adem Karafili who has abstained from making a recommendation on Resolution 2 due to his personal interest) recommends that you vote in favour of Resolution 2. Each Director currently intends to vote their respective shareholdings in favour of Resolution 2.

4. Resolution 3 and Resolution 4 – Approval of Issue of Warrants

4.1 General

On 17 October 2022, the Company announced that it had entered into a \$12 million two-tranche secured loan facility (**Facility**) with an existing substantial shareholder, Pure Asset Management (the **Facility Agreement**). In connection with the Facility Agreement, the Company agreed to issue 22,413,794 unlisted warrants (**Warrants**) to Pure Asset Management (or its nominee) on drawdown of the first tranche of funding (**Tranche 1 Warrants**). Subject to the drawdown of the second tranche of funding under the Facility (**Second Facility**) and Shareholder approval under ASX Listing Rule 7.1, the Company will issue to Pure Asset Management (or its nominee) the number of Warrants calculated in accordance with the Tranche 2 Formula (**Tranche 2 Warrants**).

On 10 November 2022, the Company announced that it had completed the drawdown of the first tranche of funding and issued 22,314,794 Tranche 1 Warrants to Pure Asset Management.

The Company issued the Tranche 1 Warrants under its 15% Placement Capacity. The issue of the Tranche 1 Warrants did not breach ASX Listing Rule 7.1. The Company is yet to draw down on the Second Facility and accordingly, the Tranche 2 Warrants have not yet been issued.

Under Resolution 3, the Company is seeking Shareholder ratification of the issue of the Tranche 1 Warrants pursuant to ASX Listing Rule 7.4. Such approval will refresh the Company's ability to issue that number of securities under its 15% Placement Capacity in the future.

Under Resolution 4, subject to the Company drawing down funds under the Second Facility within three months after the Meeting, the Company is also seeking Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of that number of Tranche 2 Warrants as calculated in accordance with the Tranche 2 Formula. The exact number of Tranche 2 Warrants that may be issued in accordance with Resolution 4 will depend on the amount of funds the Company draws down from the Second Facility within three months after the Meeting, and how the Second Tranche Exercise Price is calculated under the Tranche 2 Formula. Assuming the minimum price of \$0.15 under the Floor Price Method is used in the Tranche 2 Formula, the number of Tranche 2 Warrants that would be issued would be as set out in the table below:

Funds drawn down under the Second Facility within 3 months after the Meeting	# Tranche 2 Warrants issued based on minimum price under Floor Price Method
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\$1,000,000	6,666,667
\$2,000,000	13,333,334
\$3,000,000	20,000,000
\$4,000,000	26,666,667
\$5,500,000	36,666,667

The issue of the maximum number of 36,666,667 Tranche 2 Warrants would exceed the Company's current 15% Placement Capacity under ASX Listing Rule 7.1. The effect of Resolution 4 will be to allow the Company to issue up to 36,666,667 Tranche 2 Warrants without using the Company's 15% Placement Capacity.

4.2 ASX Listing Rules 7.1 and 7.4

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of, or agreement to issue, securities, provided the issue did not breach ASX Listing Rule 7.1 at the time of issue. If Shareholders do provide approval, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that Rule.

At the time of issue, the issue of the Tranche 1 Warrants did not fall within any exception in ASX Listing Rule 7.2. As the issue has not yet been approved by Shareholders, 22,413,794 Tranche 1 Warrants are using up a part of the Company's 15% Placement Capacity, reducing the Company's capacity to issue further equity securities without shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of the Tranche 1 Warrants.

If Resolution 3 is passed, the Tranche 1 Warrants will be excluded in calculating the Company's 15% Placement Capacity, effectively increasing the number of equity securities the Company can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Tranche 1 Warrants. If Resolution 3 is not passed, the Tranche 1 Warrants will be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Tranche 1 Warrants.

Resolution 4 is conditional on the Company drawing down funds under the Second Facility within 3 months after the Meeting. If Resolution 4 is passed, and the Company draws down some or all of the Second Facility within 3 months after the Meeting, the Company will be able to proceed with the issue of that number of Tranche 2 Warrants as calculated in accordance with the Tranche 2 Formula without using up the Company's 15% Placement Capacity, effectively maintaining the flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 without obtaining Shareholder approval over a 12-month period.

If Resolution 4 is passed, and the Company does not draw down any funds under the Second Facility within 3 months after the Meeting, the Shareholder approval obtained under Resolution 4 will become null and void.

If Resolution 4 is not passed, the Company will only be able to draw down funds under the Second Facility to the extent that the Company has sufficient capacity under the 15% Placement Capacity to issue the corresponding number of Tranche 2 Warrants. The Company will therefore only be able to partially benefit from the terms of the Facility Agreement and not draw down the full amount of the Second Facility unless and until the Company obtains Shareholder approval at another Shareholder meeting in respect of the issue of the Tranche 2 Warrants.

The Directors consider it prudent to retain the flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require and, accordingly, seek Shareholders' approval of the ratification of the issue of the Tranche 1 Warrants as set out in Resolution 3. Further, the Directors consider it prudent to retain the flexibility and capacity to:

- (a) draw down on the Second Facility within three months after the Meeting, without the time and cost of holding another Shareholder meeting to consider this matter; and
- (b) issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require,

and accordingly, the Directors seek Shareholders' approval of the issue of the Tranche 2 Warrants on the conditions as set out in Resolution 4 (and this Explanatory Memorandum).

4.3 Summary of issue of Tranche 1 Warrants under Resolution 3

For the purpose of ASX Listing Rule 7.5, the following information is provided:

- (a) the Tranche 1 Warrants were issued to Pure Asset Management. No related parties of the Company or their Associates were allotted Tranche 1 Warrants;
- (b) the number of Tranche 1 Warrants for which Shareholder ratification is being sought under Resolution 3 is 22,413,794;
- (c) the material terms of the Tranche 1 Warrants are detailed in **Annexure A**;
- (d) the Tranche 1 Warrants were issued on 10 November 2022;
- (e) the Tranche 1 Warrants were issued in part consideration for the provision of the Facility with Pure Asset Management. Accordingly, the Company did not receive any funds in consideration for the issue of the 22,413,794 Tranche 1 Warrants (other than advances on drawn downs made under the Facility);
- (f) if the Tranche 1 Warrants are exercised in accordance with their terms, the Company will receive AUD\$6,500,000.26 as a result of the exercise of the Tranche 1 Warrants. The Company expects that it will apply these funds towards the Company's working capital;
- (g) the material terms of the Facility Agreement under which the Tranche 1 Warrants were issued are detailed in the announcement released by the Company to the ASX on 17 October 2022 and are detailed in **Annexure A**; and
- (h) a voting exclusion statement is included in this Notice.

4.4 Summary of the issue of Tranche 2 Warrants under Resolution 4

For the purposes of ASX Listing 7.3, the following information is provided:

- (a) the Tranche 2 Warrants will be issued to Pure Asset Management (or their nominee). No related parties of the Company or their Associates will be allotted the Tranche 2 Warrants;
- (b) the number of Tranche 2 Warrants that may be issued in accordance with this Resolution will be calculated in accordance with the Tranche 2 Formula;
- (c) the material terms of the Tranche 2 Warrants are detailed in **Annexure A**;
- (d) subject to the Company drawing down funds under the Second Facility within three months after the Meeting, the Company will issue the Tranche 2 Warrants no later than 3 months after the date of the Meeting;
- (e) the Tranche 2 Warrants will be issued in part consideration for the provision of the Facility by Pure Asset Management. Accordingly, the Company will not receive any consideration for the issue of the Tranche 2 Warrants (other than advances on drawn downs made under the Second Facility);
- (f) the material terms of the Facility Agreement under which the Tranche 2 Warrants were agreed to be issued are detailed in the announcement released by the Company to the ASX on 17 October 2022 and are detailed in **Annexure A**; and
- (g) a voting exclusion statement is included in this Notice.

4.5 Board Recommendation

The Board recommends that you vote in favour of Resolution 3 and Resolution 4. Each Director currently intends to vote their respective shareholdings in favour of this Resolution.

5. Resolution 5 – Approval of 10% Placement Capacity

5.1 General

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities (which term has the meaning given to it in the ASX Listing Rules) to up to 10% of its issued capital over a period up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue securities under ASX Listing Rule 7.1 without shareholder approval.

If Shareholders approve this Resolution, the number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 5.3 below). This Resolution is a Special Resolution.

5.2 ASX Listing Rule 7.1A

The ASX Listing Rules provide that an entity that satisfies both of the following tests as at the date of the Meeting (**Eligible Entity**) may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and

- (b) the entity's market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) is not greater than \$300,000,000.

As at 28 March 2023, the Company's market capitalisation is approximately \$13.4 million and accordingly, as at the date of this Notice, the Company is an Eligible Entity for these purposes.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further shareholder approval. The number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 5.3 below).

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in ASX Listing Rule 7.1 (**15% Placement Capacity**).

5.3 Number of class of equity securities issued under 10% Placement Capacity

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be:

- in the same class as an existing class of quoted equity securities. The Company currently has one class of equity securities on issue which are quoted, being Shares; and
- issued for cash consideration which is not less than 75% of the 15-day VWAP of equity securities in that class, as set out in further detail in section 5.4.2 of this Explanatory Memorandum.

ASX Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the period of approval, a number of equity securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of shares on issue at the commencement of the Relevant Period:

- (1) plus the number of shares issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (2) plus the number of shares issued in the Relevant Period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken to have been approved under ASX Listing Rules 7.1 or 7.4,
- (3) plus the number of shares issued in the Relevant Period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
 - (i) the agreement was entered into before the commencement of the Relevant Period; or
 - (ii) the agreement or issue was approved, or taken under these rules to have been approved, under ASX Listing Rules 7.1 or 7.4,
- (4) plus the number of any other shares issued in the Relevant Period with approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.4,
- (5) plus the number of partly paid shares that became fully paid in the Relevant Period; and
- (6) less the number of shares cancelled in the Relevant Period.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of shares under ASX Listing Rule 7.4.

Relevant Period is:

- if the entity has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or

- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

5.4 Information required by ASX Listing Rule 7.1A

ASX Listing Rule 7.3A requires the following information to be provided in relation to this Resolution:

5.4.1 10% placement period

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and ceasing to be valid on the first to occur of:

- 12 months after the date of the Annual General Meeting;
- the time and date of the Company's next annual general meeting; or
- the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking).

5.4.2 Minimum Price

Any equity securities issued under the 10% Placement Capacity must be in an existing class of quoted equity securities and issued for cash consideration. The minimum price at which the equity securities may be issued under the 10% Placement Capacity is 75% of the VWAP of equity securities in that class, calculated over the 15 trading days on which trades in that class were recorded on the ASX immediately before:

- the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- if the equity securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

5.4.3 Purpose of an issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity as cash consideration in which case the Company intends to use funds raised for either or both of working capital purposes or to fund growth opportunities.

5.4.4 Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive their pro rata interest in the Shares allotted under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the Shares on the ASX on 28 March 2023 (**Closing Price**) and the number of Shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of this notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of Shares issued under the 10% Placement Capacity is 50% less than the Closing Price and 100% greater than the Closing Price.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		\$0.041	\$0.082	\$0.164
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A = 163,755,295	10% voting dilution (Shares to be issued under 7.1A)	16,375,530	16,375,530	16,375,530
	Funds raised	\$671,396.73	\$1,342,793.46	\$2,685,586.92
50% increase in Current Variable A =	10% voting dilution (Shares to be issued under 7.1A)	24,563,295	24,563,295	24,563,295

245,632,943	Funds raised	\$1,007,095.10	\$2,014,190.19	\$4,028,380.38
100% increase in Current Variable A =	10% voting dilution (Shares to be issued under 7.1A)	32,751,059	32,751,059	32,751,059
327,510,590	Funds raised	\$1,342,793.42	\$2,685,586.84	\$5,371,173.68

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 (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- the Issue Price set out in the table is the closing price of the Shares on the ASX on 28 March 2023;
- the Company issues the maximum possible number of equity securities under the 10% Placement Capacity;
- no options or rights convertible into Shares are exercised;
- the Company has not issued any equity securities during the 12 months preceding the date of the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4 and Resolution 3 of this Notice is approved by Shareholders; and
- the issue of equity securities under the 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the Shares on the date of issue,

both of which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

5.4.5 Allocation under the 10% Placement Capacity

The allottees of the equity securities to be issued under the 10% Placement Capacity will depend on prevailing market conditions and will be determined on a case by case basis. However, the allottees of equity securities could consist of current Shareholders, new investors or both, provided that such allottee is not a Related Party of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue, including the Company's intentions to raise funds;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the number of issues the Company intends to make and the time frame over which they will be made;
- the effect of the issue of the equity securities on the control of the Company;
- the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

5.4.6 Previous approval under ASX Listing Rule 7.1A

The Company has previously obtained approval under ASX Listing Rule 7.1A. For the purposes of ASX Listing Rule 7.3A.6, the Company confirms that during the 12 months preceding the date of the Meeting the Company did not issue any equity securities under ASX Listing Rule 7.1A.2.

5.4.7 Voting exclusion statement

A voting exclusion statement is included in the Notice. As at the date of the Notice, the Company has not approached any existing Shareholder, security holder or an identifiable class of existing security holders to participate in any issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

5.5 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

6. Resolution 6 – Approval to amend the Company's Constitution

6.1 General

Under section 136(2) of the Corporations Act, a company can modify its constitution or a provision of its constitution by special resolution. Accordingly, the Company seeks Shareholder approval to amend its Constitution by Special Resolution of Shareholders as set out below.

If this Resolution is approved by Shareholders, the Company's Constitution will be amended to reflect the Amended Constitution as set out below.

6.2 Background

The Company's current Constitution contemplates general meetings being held at a physical location, or at two or more locations using technology to facilitate attendance by Shareholders (**Hybrid Meeting**).

Following recent changes to the Corporations Act, meetings of members may be held physically, as a Hybrid Meeting, or if expressly permitted by the entity's constitution, virtually (provided that members, as a whole, are given a reasonable opportunity to participate in the meeting).

The Company proposes to update its Constitution to permit the holding of wholly virtual general meetings (**Amended Constitution**). The Board is of the view that the proposed amendments will provide the Company greater flexibility and accessibility in the conduct of its general meetings, and will ensure that Shareholders can continue to exercise their rights to participate in and vote at meetings in circumstances where wholly virtual meetings are beneficial and in the interests of Shareholders.

The proposed amendments will also incorporate recent changes to the Corporations Act regarding the making of offers in connection with employee share schemes under Part 7.12 of the Corporations Act (**ESS Provisions**). In particular, the proposed amendment will allow the Company to increase the 5% issue cap under the Corporations Act in respect of offers for monetary consideration under the Equity Incentive Plan (see Resolution 7) to 10%.

Consequential provisions are included to provide clarity around procedural matters, including that 'online' attendees are treated as being present in the meeting and are counted for a quorum.

6.3 Proposed amendment

Shareholders can request a copy of the marked-up version of the Amended Constitution by contacting the Company Secretary at hydralytecosec@cdplus.com.au. A summary of the proposed amendments is also set out below:

Rule	Proposed amendment ¹
Rule 1.1	New definitions: <u>"ESS Interest" has the meaning under section 1100M(1) of the Corporations Act;</u> <u>"Virtual Meeting Technology" means any technology (including online platforms) that allows a person to participate in a meeting without being physically present at the meeting;</u>
New Rule 2.9	<u>2.9 Issue cap for offers involving monetary consideration under an employee incentive scheme</u> <u>(a) For the purposes of section 1100V(2)(a) of the Corporations Act, the Company may only make an offer of ESS Interests if, at the time the offer is made, the Company reasonably believes:</u> <u>(i) the total number of Shares that are, or are covered by, the ESS Interests of the Company that may be issued under the offer; and</u>

¹ Underlined text shown in this table is proposed to be added to the relevant rule of the Constitution. Text which is shown as being struck out is proposed to be deleted from the relevant rule of the Constitution.

Rule	Proposed amendment ¹
	<p>(ii) <u>the total number of shares that are, or are covered by, the ESS Interests that have been issued, or could have been issued, under offers made under the Company's employee share scheme at any time during the 3 year period ending on the day the offer is made,</u></p> <p><u>does not exceed 10% of the number of shares actually on issue as at the start of the day the offer is made.</u></p>
Rule 7.1(b)	<p>(b) The Board may, by notice to the Exchange, change the venue <u>or venues</u> for, postpone or cancel a general meeting, but:</p> <p>(i) a meeting that is called in accordance with a members' requisition under the Act; and</p> <p>(ii) any other meeting that is not called by a Board resolution,</p> <p>may not be postponed or cancelled without the prior written consent of the persons who called or requisitioned the meeting.</p>
Rule 7.2(b)	<p>(b) The content of a notice of a general meeting called by the Board is to be decided by the Board, but it must <u>specify the date, time and venue or venues of the meeting, and</u> state the general nature of the business to be transacted at the meeting and any other matters required by the Act.</p>
Rule 7.3(c)	<p>(c) <u>If the general meeting is held at one or more physical venues, or at one or more physical venues and using Virtual Meeting Technology, and</u> If the chairperson of a general meeting considers that there is not enough room for the members who wish to attend the meeting at <u>a physical venue</u>, he or she may arrange for any person whom he or she considers cannot be seated in the main meeting room <u>at a physical venue</u> to observe or attend the general meeting in a separate room. Even if the members present in the separate room are not able to participate in the conduct of the meeting, the meeting will nevertheless be treated as validly held in the main room <u>at the physical venue</u>.</p>
Rule 7.4	<p>(a) If a separate meeting place is linked to the main place <u>venue or venues</u> of a general meeting by an instantaneous audio-visual communications device <u>Virtual Meeting Technology (Hybrid Meeting)</u> which, by itself or in conjunction with other arrangements:</p> <p>(i) gives the general body of members in the separate meeting place <u>venue or venues</u> a reasonable opportunity to participate in proceedings in the main place;</p> <p>(ii) enables the chairperson to be aware of proceedings in the other place <u>venue or venues</u>; and</p> <p>(iii) enables the members in the separate meeting place <u>venue or venues</u> to vote on a show of hands or on a poll,</p> <p>a member present at the separate meeting place <u>venue or venues</u> is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the main place <u>venue</u>.</p> <p>(b) If, before or during the general meeting, any technical difficulty occurs where one or more of the matters set out in rule 7.4(a) is not satisfied, the chairperson may:</p> <p>(i) adjourn the meeting until the difficulty is remedied; or</p> <p>(ii) continue to hold the meeting in the main place <u>venue</u> (and any other place which is linked under rule 7.4(a)) and transact business, and no member may object to the meeting being held or continuing.</p>

Rule	Proposed amendment ¹
	<p>(c) Subject to the Corporations Act, anything done (including the passing of a resolution) at the Hybrid Meeting is not invalid because of the inability of one or more members to access, or to continue to access the meeting, provided that sufficient members are able to participate in the meeting as are required to constitute a quorum.</p> <p>(d) Nothing in this rule 7.4 or in rule 7.8 is to be taken to limit the powers conferred on the chairperson by law.</p>
Rule 7.5(a)	<p>(a) If permitted by law, the Board may determine that there be no physical placevenue of a general meeting and that the general meeting may be conducted virtually such that each separate meeting place is linked by instantaneous audio-visual communications deviceVirtual Meeting Technology which, by itself or in conjunction with other arrangements:</p> <p>(i) gives the general body of members in each separate meeting placevenue or venues a reasonable opportunity to participate in proceedings;</p> <p>(ii) enables the chairperson to be aware of proceedings in each separate meeting placevenue or venues; and</p> <p>(iii) enables the members in each separate meeting place to vote on a show of hands or on a poll,</p> <p>a member present at a separate meeting place is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the general meeting.</p>
Rule 7.6(c)	<p>(c) If a quorum is not present within 30 minutes after the time appointed for the general meeting:</p> <p>(i) where the meeting was called at the request of members, the meeting must be dissolved; or</p> <p>(ii) in any other case, the meeting stands adjourned to the day, time and placevenue or venues, the directors present decide or, if they do not make a decision, to the same day in the next week at the same time and placevenue or venues and if a quorum is not present at the adjourned meeting within 30 minutes after the time appointed for the meeting, the meeting must be dissolved.</p>
Rule 7.8(d)	<p>(d) Whether or not a quorum is present, the chairperson may postpone the meeting before it has started if, at the time and placevenue or venues appointed for the meeting, he or she considers that:</p> <p>(i) there is not enough room for the number of members who wish to attend the meeting; or</p> <p>(ii) a postponement is necessary in light of the behaviour of persons present or for any other reason so that the business of the meeting can be properly carried out.</p>
Rule 7.8(e)	<p>(e) A postponement under rule 7.8(d) will be to another time, which may be on the same day as the meeting, and may be to another placevenue or venues (and the new time and placevenue or venues will be taken to be the time and placevenue or venues for the meeting as if specified in the notice that called the meeting originally).</p>
Rule 7.8(j)	

Rule	Proposed amendment ¹
	(j) Where a meeting is postponed or adjourned, the Board may, by notice to the Exchange, postpone, cancel or change the place <u>venue or venues</u> of the postponed or adjourned meeting.
Rule 8.1(d)	(d) No director who is not the chief executive officer <u>managing director</u> may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.
Rule 8.1(e)	(e) If there is more than one chief executive officer <u>managing director</u> , only one of them, nominated by the Board, is entitled not to be subject to vacation of office under rule 8.1(c) or retirement under rule 8.1(d) or 8.1(f).
Rule 8.8(c)	(c) A meeting by telephone or other electronic means is to be taken to be held at the place <u>venue</u> where the chairperson of the meeting is or at such other place <u>venue</u> the chairperson of the meeting decides, as long as at least one of the directors involved was at that place <u>venue</u> for the duration of the meeting.
New Rule 8.9(c)-(d)	<p><u>(c) A meeting of the Board may be held:</u></p> <p>(i) <u>at one or more physical venues;</u></p> <p>(ii) <u>at one or more physical venues and using Virtual Meeting Technology; or</u></p> <p>(iii) <u>using Virtual Meeting Technology only.</u></p> <p>(d) <u>A meeting of directors may be held using any Virtual Meeting Technology consented to by all the directors. The consent may be a standing one. A director may only withdraw their consent within a reasonable period before the meeting.</u></p>
Rule 8.10(b)	<p>(b) A notice of a meeting of the Board:</p> <p>(i) must specify the time and place<u>venue or venues</u> of the meeting, <u>and if the meeting will be held using Virtual Meeting Technology, sufficient information to allow the directors to participate in the meeting by means of the technology;</u></p> <p>(ii) need not state the nature of the business to be transacted at the meeting;</p> <p>(iii) may, if necessary, be given immediately before the meeting;</p> <p>(iv) may be given in person or by post or by telephone or other electronic means, or in any other way consented to by the directors from time to time; and</p> <p>(v) will be taken to have been given to an alternate director if it is given to the director who appointed that alternate director.</p>
Rule 14.1(a)	<p>(a) Without limiting any other way in which notice may be given to a member under this constitution, the Act or the Listing Rules, the company may give a notice to a member by:</p> <p>(i) delivering it personally to the member;</p> <p>(ii) sending it by prepaid post to the member's address in the register of members or any other address the member supplies to the company for giving notices; or</p> <p>(iii) sending it by electronic means (including providing a URL link to any document or attachment) to the fax number or electronic <u>address (if any) that</u> the member has supplied to the company for giving notices;</p>

Rule	Proposed amendment ¹
	<p>(iv) by notifying the member by an electronic means nominated by that member that:</p> <p>(A) the document is available; and</p> <p>(B) how the member may use the nominated access means to access the document;</p> <p>(v) if the member does not have a registered address and has not supplied another address to the Company for the giving of notices, by exhibiting it at the registered office of the Company; or</p> <p>(vi) by such other means as permitted by the Corporations Act.</p>
New Rule 14.4(f)	(f) Where the Company gives a notice under rule 14.1(a)(v) by exhibiting it at the registered office of the Company, service of the notice is to be taken to be effected when the notice was first so exhibited.

6.4 Board Recommendation

The Board recommends that you vote in favour of this Resolution and each Director currently intends to vote their respective shareholdings in favour of this Resolution.

7. Resolution 7 – Approval to amend the Equity Incentive Plan

7.1 Background

Prior to the Company's admission to the Official List of the ASX in December 2021, the Company adopted an equity incentive plan (**EIP**). Since that time, the Company has reviewed the terms of the EIP to ensure that its administration is appropriate for the Company, having regard to the requirements of the Corporations Act and the ASX Listing Rules. As a result of that review, the Board is seeking to amend the EIP (**Amended EIP**) and to approve the Amended EIP for further purposes under the Corporations Act and the ASX Listing Rules.

7.2 Amendments to EIP

The Company seeks the following key amendments to be made to the EIP (among others):

- Amended EIP

The Company is seeking amendments to the EIP in respect of:

- clarify that the Plan Limit (as that term is defined in the EIP) under the EIP is limited to that prescribed by the ESS Provisions;
- expanding the method of exercise of Options and Rights (as that term is defined in the EIP);
- clarifying procedures for the issue, allotment and official quotation of any Shares issued under the EIP; and
- other administrative and definitional amendments, including updating all cross-references to reflect changes resulting from amendments to the clause numbering in the EIP.

Shareholders can request a copy of the marked-up version of the Amended EIP by contacting the Company Secretary at hydralytecosec@cdplus.com.au. A summary of the proposed amendments is also set out below:

Rule	Proposed amendment ²
Rule 1.2(j)	(j) any other information that is required by applicable law or applicable class order (including the ESS Provisions or Class Order) that is being relied on.
Rule 1.6	(a) Where an Offer is made under the EIP in reliance on the Class Order accordance with the employee share scheme provisions set out in Part 7.12 of the Corporations Act (ESS Provisions) , the Board must, at the time of making the Offer, have reasonable grounds to believe that the total number of Shares (or in

² Underlined text shown in this table is proposed to be added to the relevant clause of the EIP Rules. Text which is shown as being struck out is proposed to be deleted from the relevant clause of the EIP Rules.

Rule	Proposed amendment ²
	<p>respect of Rights or Options, the total number of Shares which would be issued if those Rights or Options were exercised) will not exceed the prescribed limit under the ESS Provisions 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:</p> <p>(i) the Plan or any other employee incentive scheme covered by the Class Order; or</p> <p>(ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme;</p> <p>(Plan Limit).</p> <p>(b) For the avoidance of doubt, offers under the Plan that are not made in reliance on the ESS Provisions, Class Order or other ASIC class order or case-by-case relief are not included in the Plan Limit calculation, for example:</p> <p>(i) an offer to a person situated at the time of receipt of the offer outside Australia;</p> <p>(ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;</p> <p>(iii) an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or</p> <p>(iv) an offer made under a disclosure document or product disclosure statement.</p> <p>(c) The Plan Limit shall be subject to adjustment or increase as may be permitted by applicable law.</p>
Rule 2.2(c)	(c) Subject to rule 2.2(d), the Vesting of a Right will be satisfied by the Company allocating Shares to the Participant pursuant to rule 2.3 and 2.4 .
Rule 2.2 (d)	(d) The Board may determine that the Vesting of a Right will be satisfied by the Company making a cash payment in lieu of an allocation of Shares pursuant to rule 2.4 2.5 . For the avoidance of doubt, the Board may determine that some or all of a Participant's Rights will be settled in this way.
New Rule 2.3	<p>2.3 Method of Exercise</p> <p>Subject to clause 2.2, and in order for the Participant to exercise a Vested Right, the Participant must provide the Company a Notice of Exercise.</p>
Rule 2.4	<p>(a) Subject to rules 2.2(d), 2.3, 2.4(b) and 2.4(c), 2.3(b), as soon as reasonably practicable following Vesting of a Right and receipt of a Notice of Exercise (if applicable), the Board must issue to, procure the transfer to, or procure the setting aside for, the Participant the number of Shares in respect of which Rights have Vested. No further action is required on the part of the Participant.</p> <p>(b) Where the Company must apply for quotation of those Shares, such Shares must be issued:</p> <p>(i) where the Company satisfies the requirements of section 708A(5)(a)-(d) of the Corporations Act 2001 (Cth), ten Business Days after the later of:</p>

Rule	Proposed amendment ²
	<p style="text-align: center;">(A) <u>for so long as the Company is not in possession of Excluded Information, the date of receipt of the Notice of Exercise (Notification Date); or</u></p> <p style="text-align: center;">(B) <u>the date that the Company ceases to be in possession of Excluded Information in respect of the Company (if any); or</u></p> <p style="text-align: center;">(ii) <u>where the Company does not satisfy the requirements of section 708A(5)(a)-(d) of the Corporations Act 2001 (Cth), 20 Business Days after the later of the:</u></p> <p style="text-align: center;">(A) <u>for so long as the Company is not in possession of any information that would be required to be disclosed under section 713(5) of the Corporations Act, the date of receipt of the Notice of Exercise (Notification Date); or</u></p> <p style="text-align: center;">(B) <u>the date that the Company ceases to be in possession of any information that would be required to be disclosed under section 713(5) of the Corporations Act.</u></p> <p>(c) If the Company is listed, in the case of Rights held by or on behalf of a Participant who is a Director, Vested Rights must be satisfied by Shares that have been purchased on market, unless:</p> <p style="margin-left: 40px;">(i) no shareholder approval is required under the Listing Rules in respect of the Director's participation in the EIP; or</p> <p style="margin-left: 40px;">(ii) shareholders have approved the Director's participation in the EIP to the extent required under the Listing Rules.</p>
Rule 2.5	<p><u>2.5</u> 2.4 Payment of cash equivalent</p> <p>(a) Where the Board exercises its discretion under rule 2.2(d) to make a cash payment to a Participant in lieu of an allocation of Shares, the Company must pay to the Participant an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent to the value of Rights that have Vested and that the Board determines will be settled by a cash payment under rule 2.2(d).</p> <p>(b) The amount of the cash payment referred to in rule 2.5(a) 2.4(a) will be:</p> <p style="margin-left: 40px;">(i) calculated by multiplying the number of Shares in respect of which Rights have Vested by the Current Market Price;</p> <p style="margin-left: 40px;">(ii) deemed to be inclusive of any mandatory superannuation contribution that applies to the cash payment.</p> <p>(c) Where the Board determines that the payment under rule 2.5(a) 2.4(a) 1.1(a) is to be made in a currency other than Australian dollars, unless the Board determines otherwise, the foreign exchange rate applied will be the average closing exchange rate of the relevant currency for the 5 days prior to the date of Vesting.</p>
Rule 2.6	<p><u>2.6</u> 2.5 Lapse of Rights</p> <p>A Right will lapse upon the earliest to occur of:</p> <p style="margin-left: 40px;">(a) the Right lapsing in accordance with a provision of these Rules (including in accordance with a term of an Offer);</p> <p style="margin-left: 40px;">(b) failure to meet a Vesting Condition or any other condition applicable to the Right within the Vesting Period; or</p>

Rule	Proposed amendment ²
	(c) the receipt by the Company of a notice in writing from a Participant to the effect that the Participant has elected to surrender the Right.
Rule 3.2(c)	(a) The exercise of any Option granted under the EIP will be effected in the form and manner determined by the Board, and, subject to rule 3.4(a) <u>3.5(a)</u> , must be accompanied by payment of the relevant Exercise Price (if any).
Rule 3.2(d)	(d) Subject to rule 3.2(e), the exercise of an Option will be satisfied by the Company allocating Shares to the Participant pursuant to rules 3.3 <u>and 3.4</u> .
Rule 3.2(e)	(e) The Board may determine that the exercise of an Option will be satisfied by the Company making a cash payment in lieu of an allocation of Shares pursuant to rule 3.4 <u>3.5</u> . For the avoidance of doubt, the Board may determine that some or all of a Participant's Options will be settled in this way.
New Rule 3.3	<p><u>3.3 Method of Exercise</u></p> <p>(a) <u>Subject to clause 3.2, and in order for the Participant to exercise a Vested Option, the Participant must provide the following to the Company:</u></p> <p>(i) <u>a Notice of Exercise; and</u></p> <p>(ii) <u>subject to rules 3.3(b) and 3.5(a), a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any).</u></p> <p>(b) <u>The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment as set out in rules 3.3(a)(ii), but that on exercise of the Vested Options the Company will only allot and issue or transfer that number of Shares to the Participant that are equal in value to the difference between the Exercise Price (if any) otherwise payable in relation to the Vested Options and the then Current Market Price of the Shares as at the time of the exercise (with the number of Shares rounded down).</u></p>
Rule 3.4	<p>3.3 3.4 Allocation following exercise</p> <p>(a) Subject to rules 3.2(c), 3.2(e), <u>3.3</u> and <u>3.4(b)</u> 3.3(b), as soon as <u>reasonably</u> practicable following the exercise of an Option, the Board must issue to, procure the transfer to, or procure the setting aside for, the Participant the number of Shares in respect of which Options have been exercised. No further action is required on the part of the Participant.</p> <p>(b) <u>Where the Company must apply for quotation of those Shares, such Shares must be issued:</u></p> <p>(i) <u>where the Company satisfies the requirements of section 708A(5)(a)-(d) of the Corporations Act 2001 (Cth), ten Business Days after the later of:</u></p> <p>(A) <u>for so long as the Company is not in possession of Excluded Information, the date of receipt of the Notice of Exercise (Notification Date); or</u></p> <p>(B) <u>the date that the Company ceases to be in possession of Excluded Information in respect of the Company (if any); or</u></p>

Rule	Proposed amendment ²
	<p>(ii) where the Company does not satisfy the requirements of section 708A(5)(a)-(d) of the Corporations Act 2001 (Cth), 20 Business Days after the later of the:</p> <p style="padding-left: 40px;">(A) for so long as the Company is not in possession of any information that would be required to be disclosed under section 713(5) of the Corporations Act, the date of receipt of the Notice of Exercise (Notification Date); or</p> <p style="padding-left: 40px;">(B) the date that the Company ceases to be in possession of any information that would be required to be disclosed under section 713(5) of the Corporations Act.</p> <p>(c) If the Company is listed, in the case of Options held by or on behalf of a Participant who is a Director, Vested Options must be satisfied by Shares that have been purchased on market, unless</p> <p style="padding-left: 40px;">(i) no shareholder approval is required under the Listing Rules in respect of the Director's participation in the EIP; or</p> <p style="padding-left: 40px;">(ii) shareholders have approved the Director's participation in the EIP to the extent required under the Listing Rules.</p>
Rule 3.5	<p>3.4 3.5 Payment of cash equivalent</p> <p>(a) Where the Board exercises its discretion under rule 3.2(e) to make a cash payment to a Participant in lieu of an allocation of Shares, the Company must:</p> <p style="padding-left: 40px;">(i) notify the Participant that no Exercise Price is payable in respect of the Options exercised that the Board determines will be settled by a cash payment under rule 3.2(e) and/or refund any amount paid by the Participant in respect of those Options; and</p> <p style="padding-left: 40px;">(ii) as soon as reasonably practicable, pay to the Participant an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent to the value of Options that have been exercised by the Participant and that the Board determines will be settled by a cash payment under rule 3.2(e).</p> <p>(b) The amount of the cash payment referred to in rule 3.5(a)(ii) 3.4(a)(ii) will be calculated by multiplying the number of Shares in respect of which Options have been exercised and that the Board determines will be settled by a cash payment under rule 3.2(e) by the Current Market Price, less any Exercise Price that would otherwise have been payable in respect of those Options exercised.</p> <p>(c) Where the Board determines that the payment under rule 3.5(a)(ii) 3.4(a)(ii) is to be made in a currency other than Australian dollars, unless the Board determines otherwise, the foreign exchange rate applied will be the average closing exchange rate of the relevant currency for the 5 days prior to the date of exercise.</p>

Rule	Proposed amendment ²
Rule 3.6	<p>3.5 3.6 Lapse of Options</p> <p>An Option will lapse upon the earliest to occur of:</p> <ul style="list-style-type: none"> (a) 10 years after the date on which the Options were allocated to the Participant, or any other date nominated as the expiry date in the Offer; (b) the Option lapsing in accordance with a provision of these Rules (including in accordance with a term of an Offer); (c) failure to meet a Vesting Condition or any other condition applicable to the Option within the Vesting Period; (d) the receipt by the Company of a notice in writing from a Participant to the effect that the Participant has elected to surrender the Option; or (e) the Participant being declared bankrupt, becoming insolvent or making any arrangement or compromise with her or her creditors generally
Rule 15.5	<p>Notwithstanding any other provisions of the EIP, Incentive Securities and Shares will not be allocated, issued, acquired, transferred or otherwise dealt with under the EIP if to do so would:</p> <ul style="list-style-type: none"> (a) contravene the Corporations Act including the ESS Provisions, any applicable Listing Rules, the Class Order (if being relied on) or any other applicable laws or class order that is being relied on (including any applicable foreign law); or (b) require the Company or any Group Company to pay, provide, or procure the payment or provision of, any money or benefits to the Participant which would require shareholder approval under Part 2D.2, Division 2 of the Corporations Act.
Rule 16.1	<p>Business Day means a day on which trading banks are open for business in Melbourne, Victoria, except a Saturday, Sunday or public holiday;</p> <p>ESS Provisions means the employee share scheme provisions set out in Part 7.12 of the Corporations Act;</p> <p>Excluded Information has the meaning given to it in sections 708A(7) and (8) of the Corporations Act;</p> <p>Notice of Exercise means a notice of exercise of Options or Rights in the form or by the technological means determined by the Board from time to time;</p>

Subject to the approval of this Resolution, the Amended EIP will apply with retrospective effect and any securities issued under the EIP will be subject to the terms of the Amended EIP other than to the extent that an individual Participant's consent is required to effect the changes to the EIP as it applies to that Participant.

7.3 Corporations Act

Shareholders are being asked to approve the Amended EIP for all purposes under the Corporations Act, including but not limited to:

- Termination Benefits

Sections 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with section 200E, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The Amended EIP allows the Board, in its discretion, to afford persons ceasing employment with the Company certain benefits under the Amended EIP. The term "benefit" has a wide operation and may include the Board

exercising its discretion to permit the exercise of options or retention of performance rights granted under the Amended EIP (**EIP Benefit**).

For a section 200B benefit to be allowed, section 200E requires that this Notice provide Shareholders with either the value of the proposed benefits or, where the value of the proposed benefits cannot currently be ascertained, the manner in which the value of the proposed benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value.

In the circumstance of a possible EIP Benefit, the value of the termination benefits that the Board may give under the Amended EIP cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the time the benefit is decided to be awarded (if at all). The Board has not determined whether it will exercise discretion to grant any EIP Benefits or in what circumstances it will exercise its discretion.

Specifically, the value of the EIP Benefit will depend on a number of factors, including the Company's share price at the time of the EIP Benefit and the number of Securities to which the Board will apply such EIP Benefit (if any). Shareholders should note the possible EIP Benefit is restricted to the exercise of options or retention of performance rights post-cessation of employment and does not change the exercise price, or number of Shares which are subject to the exercise or conversion, of the options and performance rights.

7.4 ASX Listing Rule 7.2, Exception 13

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

ASX Listing Rule 7.2, Exception 13(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.

If this Resolution is passed, the Company will be able to issue securities under the EIP to eligible participants without affecting the Company's ability to issue securities under the Company's 15% Placement Capacity. The Board believes this will provide the Company with the flexibility necessary to raise additional capital under its 15% Placement Capacity as and when appropriate and provide long term incentives to its current and future staff.

If this Resolution is not passed, the Company will be unable to issue securities under the EIP without affecting the Company's ability to issue securities under the Company's 15% Placement Capacity.

Accordingly, the Company will be required to:

- issue such securities under the Company's 15% Placement Capacity; or
- consider alternative incentive arrangements for Australian resident employees which are consistent with the Company's remuneration principles, including providing an equivalent cash incentive.

The following further information is provided for the purposes of ASX Listing Rule 7.2, Exception 13(b):

- (a) a summary of the proposed amendments under the Amended EIP is set out in section 7.2 above;
- (b) since the Company adopted the EIP and Company listed on ASX, the Company has issued 232,142 securities under the EIP; and
- (c) the maximum number of securities that may be issued under the Amended EIP following Shareholder approval at the Meeting is 16,375,529 million securities (**Approved EIP Cap**). It is not expected that this amount of securities will be issued under the Amended EIP, rather, this amount is simply provided as the maximum number of securities which may be issued under the Amended EIP in the future for the purposes of ASX Listing Rule 7.2 (Exception 13(b)). Further, if any securities issued under the EIP (or Amended EIP) lapse, or are cancelled (for example due to failure to achieve vesting conditions or cessation of employment), then, in addition to the Approved EIP Cap, the Company may also issue new securities under the Amended EIP up to the maximum number of securities cancelled; and
- (d) a voting exclusion statement in respect of this Resolution is set out in the Notice.

7.5 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

Glossary

\$ means Australian dollars.

10% Placement Capacity has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

15% Placement Capacity has the meaning ascribed to it in section 5.1 of the Explanatory Memorandum.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria, Australia.

Amended Constitution has the meaning ascribed to it in section 6.2 of the Explanatory Memorandum.

Amended EIP has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Annual Report means the annual financial report of the Company for the year ended 31 December 2022.

Approved EIP Cap has the meaning ascribed to it in section 7.4(c) of the Explanatory Memorandum.

Associate has the meaning given to it in ASX Listing Rule 19.12.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Auditor's Report means the auditor's report contained in the Annual Report.

Board means the current board of Directors.

Chair means the chairperson of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Closing Price has the meaning ascribed to it in section 5.4.4 of the Explanatory Memorandum.

Company or **HPC** means The Hydration Pharmaceuticals Company Limited ACN 620 385 677.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Directors' Report means the directors' report contained in the Annual Report.

EIP means the Company's Equity Incentive Plan.

EIP Benefit has the meaning ascribed to it in section 7.3 of the Explanatory Memorandum.

Eligible Entity has the meaning ascribed to it in section 5.2 of the Explanatory Memorandum.

ESS Provisions means the employee share scheme provisions set out in Part 7.12 of the Corporations Act.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Facility has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

Facility Agreement has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

Floor Price Method has the meaning given to it in Annexure A to this Notice.

Hybrid Meeting has the meaning ascribed to it in section 6.2 of the Explanatory Memorandum.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes 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.

Meeting or **Annual General Meeting** means the meeting convened by the Notice.

Notice or Notice of Annual General Meeting means this notice of Annual General Meeting, including the Explanatory Memorandum and the Voting Form.

Pure Asset Management means Pure Asset Management Pty Ltd as trustee for The Income and Growth Fund.

Related Party has the meaning given to it in ASX Listing Rule 19.12.

Remuneration Report means the remuneration report set out in the Directors' Report contained in the Company's Annual Report.

Resolution means a resolution set out in the Notice.

Restricted KMP Voter is one of the following persons who or on whose behalf a vote on a Resolution must not be cast (in any capacity):

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

Second Facility has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

Second Tranche Exercise Price has the meaning given to it in Annexure A to this Notice.

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

Share Registry means the share registry of the Company, being Automic Registry Services..

Shareholder means a holder of a Share.

Special Resolution means that at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of a Resolution for it to be passed.

Spill Meeting has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

Spill Resolution has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

Tranche 1 Warrants has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

Tranche 2 Formula has the meaning given to it in Annexure A to this Notice.

Tranche 2 Warrants has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

Voting Form means the proxy form accompanying the Notice.

VWAP means volume weighted average price.

Warrants mean unlisted warrants exercisable into Shares.

Annexure A – Terms of Tranche 1 Warrants and Facility the subject of Resolution 3

Facility

The loan is documented in a facility agreement between the Company, its subsidiaries and Pure Asset Management (**Facility Agreement**) dated 14 October 2022 (**Facility Date**) together with a General Security Deed between the same parties dated the same date.

The facility is a \$12,000,000 two-tranche facility (the **Facility**) comprising:

- a **First Loan** of A\$6,500,00 to be utilised within 14 days after the Facility Date; and
- a **Second Loan** of A\$5,500,000 to be utilised within 365 days of the Facility Date.

The conditions that the Company must satisfy in order to access the Second Loan are:

- shareholder approval being obtained (or not required) for the issue of the warrants relating to the Tranche 2 Warrants;
- ‘total return on advertising spend’ (calculated as total group gross sales divided by total group marketing expenditure) being greater than or equal to 2.2x for a minimum of three months in a five month period prior to utilisation;
- Group gross sales being greater than or equal to US\$1.1 million for a minimum of three months in a five month period prior to utilisation; and
- no event of default or review event continuing or expected at the time.

The Repayment Date is 48 months after the utilisation date of the First Loan.

Interest is payable quarterly at a rate of 10.0% per annum (or 15.0% if a default or review event is subsisting).

The Company may repay the loan prior to the Repayment Date in tranches of \$500,000 if it gives PURE at least 30 business days’ notice and pays a 2.5% repayment fee on the repayment amount.

The Facility includes a 1.5% establishment fee, payable on the utilisation date of the First Loan, and a line fee of 2.0% of the value of the Second Loan, payable on utilisation of the Second Loan.

The Facility includes the following covenants:

- from utilisation of the First Loan, minimum cash covenant at all times of US\$750,000;
- from utilisation of the Second Loan, minimum cash covenant at all times of US\$1,500,000;
- at all times:
 - default event: quarterly gross profit less than or equal to US\$750,000, tested each financial quarter-end; and
 - review event: quarterly gross profit less than or equal to US\$1,00,000, tested each financial quarter-end.

The review event can be cured by clearing the test hurdle at a subsequent quarter.

The Facility is secured by a first-ranking general security over all present and after-acquired property of the Company and each Group entity in all relevant jurisdictions.

Warrants

Tranche 1 Warrants

The Company and Pure Asset Management have entered into a Warrant Deed dated the Facility Date as part of the funding package.

The Company will issue 22,413,794 warrants to acquire fully paid ordinary shares (**Shares**) to Pure Asset Management (or nominee) on drawdown of the First Loan, utilising the Company’s existing capacity under ASX Listing Rule 7.1 (**Tranche 1 Warrants**).

The Tranche 1 Warrants will be exercisable for Shares at an exercise price (**First Tranche Exercise Price**) representing the lower of:

- \$0.29;

- a 20.0% discount to the price of any change of control transaction; and
- an 'anti-dilution price adjustment' price (see below).

Tranche 2 Warrants

Subject to drawdown of the Second Loan and approval of the Company's shareholders for the purposes of Listing Rule 7.1, the Company will issue to PURE (or nominee) the number of Tranche 2 Warrants calculated as follows:

*Tranche 2 Warrants = Second Loan amount ÷ Second Tranche Exercise Price (the **Tranche 2 Formula**)*

The Second Loan amount is \$5,500,000

The **Second Tranche Exercise Price**, which for the purposes of the number of Tranche 2 Warrants is calculated at the time of utilisation of the Second Loan, is the lower of:

- 150% of the trailing volume weighted average price of shares immediately prior to the second tranche utilisation notice, subject to a floor price (minimum) of \$0.15 and a price cap (maximum) of \$0.40 (**Floor Price Method**);
- a 20.0% discount to the price of any change of control transaction; and
- an 'anti-dilution price adjustment' price (see below).

Using the 'Floor Price Method' for the purposes of calculating the Second Tranche Exercise Price, this would result in the issue of 36,666,667 Tranche 2 Warrants.

The Tranche 2 Warrants are exercisable at an exercise price representing the Second Tranche Exercise Price that applies at the time of exercise of the Tranche 2 Warrants.

Anti-dilution price adjustment

If the Company makes an issue of equity securities (or a series of consecutive issuances of equity securities in any period not exceeding 12 months), other than the exercise or conversion of options, rights or other convertible securities on issue at the Facility Date, and the diluted amount of those equity securities (in aggregate) exceeds 15% of the number of Shares on issue immediately before the announcement of the issue or first issuance, the anti-dilution price adjustment price of the Warrants will be calculated in accordance with the following formula:

$(A + B) / C$, where:

- **A** is the market capitalisation of the Company on the trading day prior to the announcement of the issue of equity securities;
- **B** is the number of equity securities the subject of the issue multiplied by their issue price; and
- **C** is the number of Shares on issue immediately before the announcement of the issue of equity securities plus the diluted amount of the issued equity securities.

Expiry of the Warrants

The Warrants expire on the date that is 7 days prior to the Repayment Date of the Loan (being 48 months after utilisation of the First Loan).

Prohibited issuances

The Company may not issue any shares other than ordinary shares while the Warrants are on issue (absent Pure Asset Management's consent).

Other terms

The Warrants:

- do not confer any entitlement to dividends or other distributions, nor any right to attend or vote at a general meeting of the Company;
- have no entitlement to participate in a new issue of capital offered to shareholders without first being exercised;
- will not be quoted on ASX, however the Company will apply for quotation of the Shares issued on exercise of the Warrants; and

- contain standard adjustment terms, consistent with the ASX Listing Rules, in the event of a bonus issue, pro rata issue, reorganisation or reconstruction of capital.

For personal use only

If you are attending the virtual Meeting
please retain this Voting Form
for online Securityholder registration.

Holder Number:

Your vote or proxy voting instruction must be received by **11.00am (AEST) on Wednesday, 3 May 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any votes or proxy instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR VOTE OR APPOINT A PROXY

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

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – HOW YOU WISH TO VOTE – SELECT ONE OPTION ONLY

Direct Vote – If you mark the box to select a direct vote you should indicate your direct voting instruction in step 2 by marking either FOR, AGAINST or ABSTAIN for each item. If you do not mark a voting instruction for any or all resolutions your vote will be invalid.

Appoint a proxy - If you wish to appoint a proxy to attend the Meeting and vote on your behalf DO NOT tick the box for a direct vote. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate in the space provided. The proxy should not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Voting Form:

Online:

Use your computer or smartphone to vote online or appoint a proxy at <https://investor.automic.com.au/#/login> or scan the QR code below using your smartphone

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



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

