

RHYTHM BIOSCIENCES LIMITED
ACN 619 459 335
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2020 Annual General Meeting ("**Meeting**") of the shareholders of Rhythm Biosciences Limited [ACN 619 459 335] ("**the Company**") will be held by virtual technology on 18 November 2020 at 11:00am (Melbourne time).

IMPACTS OF COVID-19 ON THE MEETING

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19, in particular in Victoria. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct the Meeting virtually via Zoom.

Shareholders are strongly encouraged to vote by lodging a directed proxy appointing the Chair as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice (being 11am, 16 November 2020). Instructions for lodging proxies are included on your personalised proxy form.

Arrangements for attendance by Zoom, with the ability to ask questions, can be made by contacting Pauline Moffatt, the joint Company Secretary, by email to pmoffatt@northernstargroup.com.au at least two business days before the meeting. Where applicable, arrangements may be made for direct voting at the meeting by shareholders, proxies, corporate representatives and holders of powers of attorney.

In addition, the Company is happy to accept and answer questions submitted at least two business days prior to the Meeting by email to pmoffatt@northernstargroup.com.au. The Company reserves the right to not respond to any unreasonable and/or offensive questions at its discretion.

Because the conditions and potential restrictions and other requirements for meetings relating to COVID-19 are rapidly changing, if it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice of Annual General Meeting the Company will announce the alternative arrangements to ASX. Shareholders are encouraged to check for announcements of the Company at the ASX website www.asx.com.au, search code "RHY".

Further details in respect of each of the Resolutions proposed in this Notice of Annual General Meeting ("**Notice**") are set out in the Explanatory Memorandum ("**Memorandum**") accompanying this Notice. The details of Resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

AGENDA

2020 ANNUAL FINANCIAL STATEMENTS

To lay before the meeting and consider the Annual Financial Statements of the Company in respect of the year ended 30 June 2020 and comprising the Annual Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1: NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Company approve the adoption of the Remuneration Report, included in the Directors' Report, for the year ended 30 June 2020."

Voting Prohibition:

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) a closely related party of such a member (referred to herein as **Restricted Voters**).*

However, a person (**voter**) may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 1. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote on Resolution 1 and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.

Voting Note:

Directors of the Company who are key management personnel whose remuneration details are included in the 2020 Remuneration Report, any other key management personnel whose remuneration details are included in the 2020 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR LOUIS PANACCIO AS A DIRECTOR

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

"That Mr Louis Panaccio, who retires by rotation in accordance with the Company's constitution and, being eligible, offer himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3A: ELECTION OF MR OTTO BUTTULA AS A DIRECTOR

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

"That, for the purpose of the Company's constitution and for all other purposes, Mr Otto Buttula, a Director appointed to fill a casual vacancy on 28 October 2019 who retires in accordance with the constitution of the Company and, being eligible, offers himself for election, be elected as a Director."

RESOLUTION 3B: ELECTION OF MR EDUARDO VOM AS A DIRECTOR

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

"That, for the purpose of the Company's constitution and for all other purposes, Mr Eduardo Vom, a Director appointed to fill a casual vacancy on 5 June 2020 who retires in accordance with the constitution of the Company and, being eligible, offers himself for election, be elected as a Director."

RESOLUTION 4: APPROVAL OF 10% PLACEMENT FACILITY

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

"That for the purposes of ASX Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A.2 at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company's ordinary shares calculated over the last fifteen (15) days on which trades of the Company's ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Memorandum which accompanied and formed part of this Notice."

Voting Note:

If as at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 Index; and
- has a market capitalisation of greater than AU\$300 million,

this Resolution will be withdrawn.

RESOLUTION 5: APPOINTMENT OF AUDITOR – BDO AUDIT PTY LTD

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

“That, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, BDO Audit Pty Ltd, having been nominated by a member and consented in writing to act in the capacity of auditor, be appointed as the auditor of the Company.”

RESOLUTION 6: APPROVAL TO ISSUE OPTIONS – TREVOR LOCKETT

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, shareholders approve the issue of 1,500,000 unlisted options (each with an exercise price of \$0.20 (20 cents), expiring 14 September 2023 and which, upon exercise, entitle the holder to one fully paid ordinary share in the capital of the Company) to Trevor Lockett (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or any associate of that person in respect of Resolution 6.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- *a holder acting solely as 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 the resolution; and*
 - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition

Other than as set out below, a vote on Resolution 6 must not be cast as proxy by a Restricted Voter.

A Restricted Voter may cast a vote on Resolution 6 as a proxy if either:

- *the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or*
- *the Restricted Voter is the chair and the written 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.*

RESOLUTION 7: ADOPTION OF EMPLOYEE INCENTIVE SCHEME

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

“That, for the purposes of ASX Listing Rule 7.2 Exception 13, and for all other purposes including sections 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of a person who is eligible to participate in the employee incentive scheme or any of their associates.

However, this does not apply to a vote cast in favour of Resolution 7 by:

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- *a holder acting solely as 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 the resolution; and*
 - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition

Other than as set out below, a vote on Resolution 7 must not be cast as proxy by a Restricted Voter.

A Restricted Voter may cast a vote on Resolution 7 as a proxy if either:

- *the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or*
- *the Restricted Voter is the chair and the written 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.*

RESOLUTION 8: AMENDMENT OF CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, the constitution of the Company be amended as set out in Annexure D of the Memorandum which accompanied and formed part of the Notice of Meeting with effect immediately upon the passing of this Resolution.”

RESOLUTION 9: RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION

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

“That, for the purposes of section 648G(4) of the Corporations Act 2001 (Cth) and for all other purposes, the members (shareholders) of the Company approve the renewal of the proportional takeover provisions in Article 28 of the constitution of the Company for a period of three (3) years from the date of the Meeting.”

OTHER BUSINESS

To consider any other business that may be brought before the Meeting in accordance with the constitution of the Company and the Corporations Act.

By the order of the Board.

A handwritten signature in black ink, appearing to read 'Ad. Wing', with a horizontal line underneath.

Adrien Wing
Company Secretary

Dated: 1 October 2020

The accompanying Proxy Instructions and Memorandum form part of this Notice.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00pm (Melbourne time) on 16 November 2020 are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

Subject to the restrictions as set out in the Notice, the Chair of the Meeting will vote undirected proxies in favour of all of the proposed Resolutions.

Voting Restrictions on Resolution 1 (Remuneration Report)

The Remuneration Report identifies key management personnel for the year ended 30 June 2020. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2020 Remuneration Report, any other key management personnel whose remuneration details are included in the 2020 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1 provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Voting restrictions on Resolutions 6 and 7

The Remuneration Report identifies key management personnel for the year ended 30 June 2020. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2020 Remuneration Report, any other key management personnel whose remuneration details are included in the 2020 Remuneration Report, or any of their closely related parties, will not be able to vote undirected proxies held by them on Resolutions 6 and/or 7 provided however that the chair may vote undirected proxies on Resolutions 6 and/or 7 on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Special resolutions

For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution. Resolutions 4, 8 and 9 are special resolutions.

**RHYTHM BIOSCIENCES LIMITED
ACN 619 459 335
ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM**

This Memorandum has been prepared for the information of members of Rhythm Biosciences Limited [ACN 619 459 335] (the "**Company**") in connection with the business to be conducted at the 2020 Annual General Meeting ("**Meeting**") of Shareholders of the Company to be held by virtual technology on 18 November 2020 at 11:00am (Melbourne time).

Please refer to the note on the front cover of the Notice of Annual General Meeting regarding COVID-19 related restrictions, lodging proxies and/or attending the Meeting by Zoom.

Shareholders are strongly encouraged to lodge their directed proxy forms in accordance with the instructions set out therein to vote before the Meeting.

This Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

BUSINESS

2020 Annual Financial Statements

The Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020 will be laid before the meeting. Shareholders will have the opportunity to ask questions about, or make comments on, the 2020 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend, to answer questions about the audit of the Company's 2020 Annual Financial Statements.

As permitted by the Corporations Act, a printed copy of the Company's 2020 Annual Report has been sent only to those shareholders who have elected to receive a printed copy. A copy of the 2020 Annual Report is available from the Company's website (www.rhythmbio.com) and the ASX announcements page of the Company (www.asx.com.au, search code "RHY"). A copy of the 2020 Annual Report can also be obtained upon request to Pauline Moffatt, the joint Company Secretary, by email to pmoffatt@northernstargroup.com.au.

There is no requirement for these reports to be formally approved by shareholders. No resolution is required to be moved in respect of this item.

Resolution 1: Non-binding Resolution - Remuneration Report

The Company is required pursuant to the Corporations Act 2001 (Cth) ("**the Corporations Act**"), to propose a non-binding resolution regarding the 2020 Remuneration Report, which forms part of the Director's Report in the 2020 Annual Financial Statements. The vote is advisory only and does not bind the Directors or the Company.

Shareholders attending the 2020 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (**AGM**) (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a **spill resolution**) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2019 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event 25% or more of votes that are cast are against the adoption of the 2020 Remuneration Report. However, in the event that 25% or more of votes that are cast are against the adoption of the 2020 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more for the same resolution at the 2021 AGM the consequences are that it may result in the re-election of the Board.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. In particular, Directors and other members of the key management personnel details of whose remuneration are included in the Remuneration Report or a closely related party of those persons must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Resolution 2: Re-election of Mr Louis Panaccio as a Director

Resolution 2 is a resolution for the re-election of Mr Louis (Lou) Panaccio as a Director of the Company.

Pursuant to the constitution of the Company (**Constitution**), at each AGM one-third of Directors or, if their number is not a multiple of three (3), then the number nearest to but not more than one-third of Directors must retire from office. The Company has four (4) Directors and therefore one is required to retire.

The Directors to retire by rotation at an AGM are those Directors who have been longest in office since their last election or appointment. Directors elected or appointed on the same day may agree among themselves or determine by lot which of them must retire. Each of Mr Louis Panaccio and Mr David White were last elected at the 2018 AGM and accordingly have agreed among themselves that Mr Louis Panaccio shall retire at the 2020 AGM.

Mr Louis (Lou) Panaccio retires by rotation and, being eligible, offers himself for re-election.

A chartered accountant with extensive management experience in business and healthcare services. Lou is currently on the boards of ASX listed companies Sonic Healthcare Limited and Avita Therapeutics, Inc. Lou is also on the board of Unison Housing Limited. Lou has more than twenty years' experience as a board member of both public and private, for profit and not for profit companies. Previously, Lou was the CEO of Melbourne Pathology and Monash IVF, and also executive Chairman of Health Networks Australia.

The Board (with Mr Louis Panaccio abstaining) unanimously support the re-election of Mr Louis Panaccio as a Director of the Company.

Resolution 3A: Election of Mr Otto Buttula as a Director

Article 57(1) of the Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Article 57(2) of the Constitution provides that a Director appointed under Article 57(1) will hold office until the next AGM when the Director may be elected.

ASX Listing Rule 14.4 provides that a Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Mr Otto Buttula was appointed as a Director to fill a casual vacancy on 28 October 2019. Accordingly, Mr Otto Buttula retires as a Director and offers himself for election under Article 57(2) of the Constitution.

Mr Buttula has had extensive experience and success in investment research, funds management, information and bio-technologies and has held directorships in a number of public companies. Mr Buttula's executive experience includes co-founder and CEO and Managing Director of IWL Limited, an online financial services company that listed on the ASX in 1999. The company grew from a market capitalisation of \$48 million at listing before a takeover in 2007 by Commonwealth Bank of Australia for \$373 million. Mr Buttula also founded and was Managing Director of Investors Mutual, prior to which he was a co-founder and director of Lonsdale Securities Limited.

Following his completion of executive duties, Mr Buttula was Non-Executive Chairman of platform and stockbroking provider Investorfirst Limited and led the acquisition of HUB24 Limited (ASX: HUB). More recently, he served on the Board as a non-executive director and Head of Audit and Risk at Imugene Limited (ASX: IMU) between 2014 and 2016.

The Board (with Mr Otto Buttula abstaining) unanimously support the election of Mr Otto Buttula as a Director of the Company.

Resolution 3B: Election of Mr Eduardo Vom as a Director

Article 57(1) of the Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Article 57(2) of the Constitution provides that a Director appointed under Article 57(1) will hold office until the next AGM when the Director may be elected.

ASX Listing Rule 14.4 provides that a Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Mr Eduardo Vom was appointed as a Director to fill a casual vacancy on 5 June 2020. Accordingly, Mr Eduardo Vom retires as a Director and offers himself for election under Article 57(2) of the Constitution.

Mr Vom has over 20 years' experience in technology and development and commercialisation in the biotech industry, having held leadership roles at cancer diagnostics manufacturer Vision BioSystems and molecular diagnostics company Genetic Technologies. He currently serves as a non-executive director with privately owned health and wellbeing companies and is well known for his expertise in digital healthcare, management of multi discipline projects, business strategy and technology commercialisation. He holds a Post Graduate Diploma in Management Technology and an honours degree in Industrial Engineering and Computing from Monash University.

The Board (with Mr Eduardo Vom abstaining) unanimously support the election of Mr Eduardo Vom as a Director of the Company.

Resolution 4: Approval of 10% placement facility

ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12-month period after an AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less.

The Company is, at the date of the Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any issue(s) under the 10% Placement Facility for development of its existing business and any acquired business, or funding new projects or business opportunities and/or general working capital.

The Company obtained shareholder approval to make issues under ASX Listing Rule 7.1A at its 2019 AGM. This Shareholder approval will lapse on the date of this Meeting.

The Company did not issue any equity securities under the capacity available to it under ASX Listing Rule 7.1A pursuant to approval obtained at the 2019 AGM prior to lapse of this capacity under ASX Listing Rule 7.1A.

The Company seeks to refresh the shareholder approval so as to continue to be able to make issues under the 10% Placement Facility after the Meeting in accordance with ASX Listing Rule 7.1A.

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

DESCRIPTION OF LISTING RULE 7.1A

- Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

- Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, being ordinary shares (**RHY**).

- Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may, during the 10% Placement Period (defined below), issue a number of equity securities calculated in accordance with the following formula:

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

where:

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

- (i) plus, the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (ii) plus, the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 where:
 - a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - b. the issue of, or agreement to issue, the convertible securities was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- (iii) plus, the number of fully paid ordinary shares issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
 - a. the agreement was entered into before the commencement of the relevant period; or
 - b. the agreement or issue was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- (iv) plus, the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- (v) plus, the number of partly paid shares that became fully paid in the 12 months;
- (vi) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

- ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

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

As at the date of this Meeting, the Company has 201,495,811 ordinary shares on issue and will therefore (subject to the passage of the other resolutions at the Meeting) have capacity to issue:

- (i) 30,224,371 equity securities under Listing Rule 7.1 (15% capacity); and
- (ii) subject to shareholders approving this Resolution 4, 20,149,581 (provided such equity securities are in a class of quoted equity securities) under Listing Rule 7.1A.

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

- Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

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

- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the time and date of the next AGM of the Company; or
- (iii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

- ASX Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

SPECIFIC INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

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

- Any equity security issued will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days immediately before:
 - (i) The date on which the price at which the relevant equity securities are to be issued is agreed by the Company and the recipient of the relevant equity securities; or
 - (ii) If the equity securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

- If Resolution 4 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the quantum of funds raised by the issue of the equity securities.

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

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary shares has decreased by 50% and increased by 50% as against the current market price (being \$0.205 (20.5 cents), the closing price of the Company's ordinary shares at close of trading on 23 September 2020).

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.1025 50% decrease in Deemed Price	\$0.205 Deemed Price	\$0.3075 50% Increase in Deemed Price
Current Variable A 201,495,811 Shares	10% Voting Dilution	20,149,581 shares	20,149,581 shares	20,149,581 shares
	Funds raised	\$2,065,332	\$4,130,664	\$6,195,996
50% increase in current Variable A 302,243,716 shares	10% Voting Dilution	30,224,371 shares	30,224,371 shares	30,224,371 shares
	Funds raised	\$3,097,998	\$6,195,996	\$9,293,994
100% increase in current Variable A 402,991,622 shares	10% Voting Dilution	40,299,162 shares	40,299,162 shares	40,299,162 shares
	Funds raised	\$4,130,664	\$8,261,328	\$12,391,992

The table above has been prepared on the following assumptions:

- *The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.*
- *No options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A.*

- *The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.*
- *The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1.*
- *The deemed price in the table is indicative only and does not consider the maximum 25% discount to market that the securities may be placed at under ASX Listing Rule 7.1A.*

The Company may seek to issue the equity securities for cash consideration. In such circumstances, the Company intends to use the funds raised (if any) towards developing its existing business and any acquired business, or to fund new projects or business opportunities and/or for general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 upon issue of any equity securities under the 10% Placement Facility.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

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

Due to the forward looking nature of the approval, the allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments (provided that the shares were issued for cash consideration).

The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A at its 2019 AGM. The Company did not issue any equity securities under the shareholder approval under ASX Listing Rule 7.1A obtained at its 2019 AGM the 12-month period preceding the proposed date of the Meeting.

As at the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Accordingly, no voting exclusion applies to this Resolution 4 and no existing shareholder's votes will therefore be excluded.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 4.

Resolution 5: Appointment of auditor – BDO Audit Pty Ltd

Under section 327B(1)(b) of the Corporations Act, a public company must appoint an auditor of the Company to fill any vacancy in the office of auditor at each subsequent AGM (after its first AGM).

BDO East Coast Partnership, as part of an internal restructure, resigned as the auditor of the Company during the year ended 30 June 2020. Following the resignation of BDO East Coast Partnership as auditor of the Company, the Board appointed BDO Audit Pty Ltd as the auditor of the Company on 29 January 2020 to fill a casual vacancy in accordance with section 327C(1) of the Corporations Act.

BDO Audit Pty Ltd was appointed as auditor to fill a casual vacancy until the 2020 AGM, being the Meeting, in accordance with section 327C(2) of the Corporations Act.

Pursuant to section 328B of the Corporations Act, a notice of nomination to appoint BDO Audit Pty Ltd received from a member (shareholder) of the Company is attached to this Notice as Annexure A and BDO Audit Pty Ltd has provided to the Company its written consent to act, subject to shareholder approval being obtained, as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

The Company seeks shareholder approval pursuant to the Corporations Act for BDO Audit Pty Ltd to act as auditor of the Company on an ongoing basis with effect on and from shareholders passing Resolution 5.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 5.

Resolution 6: Issue of options to Trevor Lockett

Background

Resolution 6 seeks shareholder approval to issue 1,500,000 unlisted options to Trevor Lockett, a Director of the Company (and/or his nominees(s)), under the existing Employee Security Ownership Plan of the Company (**Existing ESOP**). Each of the unlisted options will have an exercise price of \$0.20 (20 cents), expiry date of 14 September 2023 and, upon exercise, entitle the holder to one ordinary share in the capital of the Company.

The unlisted options are to be subject to vesting conditions as set out below:

Number of unlisted options	Vesting condition
750,000	Vest upon issue
375,000	Vest upon granting of a CE Mark
375,000	Vest upon achieving TGA registration

Further conditions upon which the unlisted options may vest are set out in Annexure B.

The proposed issue of unlisted options to Trevor Lockett was first announced to ASX on 14 September 2020.

Unlisted options that are not vested as at the expiry date (14 September 2023) shall lapse.

Unlisted options otherwise have terms as set out in Annexure B. A summary of the terms of the Existing ESOP under which the unlisted options will be issued is set out in Annexure C, excluding the text relating to the limit on the number of securities that may be issued under the 2020 ESOP (defined below).

ASX Listing Rules

Dr Lockett is a Director of the Company and is therefore a related party under Chapter 10 of the ASX Listing Rules. Shareholder approval is therefore required under ASX Listing Rule 10.14 for the issue of options under the Existing ESOP to Dr Lockett. As shareholder approval is being sought under ASX Listing Rule 10.14, shareholder approval is not required under and for the purposes of ASX Listing Rule 7.1.

If shareholders pass Resolution 6 then the Company will be able to issue the unlisted options to Dr Lockett (and/or his nominee(s)). If unlisted options are issued and are exercised into ordinary shares, the placement capacity of the Company to issue equity securities under ASX Listing Rule 7.1 and, subject to the relevant shareholder approval being held at the time, ASX Listing Rule 7.1A, will be increased. If shareholders do not pass Resolution 6 then the Company will not be able to issue the unlisted options to Dr Lockett.

The following information is provided in accordance with the requirements of ASX Listing Rule 10.15:

- The proposed recipient of the unlisted options is Trevor Lockett (and/or his nominee(s)) and the number of unlisted options to be issued under Resolution 6 is 1,500,000. Dr Lockett is a Director of the Company and therefore shareholder approval is required under ASX Listing Rule 10.14 to issue unlisted options to him pursuant to the Existing ESOP.
- Trevor Lockett receives \$9,333.34 per month for acting as an Executive Director.
- No securities have previously been issued under the Existing ESOP to Trevor Lockett and/or his associates.
- Full terms of the unlisted options are set out in Annexure B. As described above, unlisted options are proposed to be issued as reasonable remuneration to incentivise Dr Lockett and to preserve the cash resources of the Company. The Company attributes an aggregate value of \$109,676.22 to the unlisted options in accordance with a Black-Scholes valuation conducted in respect of the unlisted options on 10 September 2020, being the day immediately prior to the date on which the Board resolved to issue the unlisted options to Trevor Lockett (and/or his nominee(s)), subject to receipt of required shareholder approval.
- Subject to receipt of shareholder approval, the Company intends to issue the unlisted options the subject of Resolution 6 shortly after the Meeting and in any event no later than 3 years after the date of the Meeting.
- The unlisted options are to be issued for no cash.
- The material terms of the Existing ESOP are set out in Annexure C.
- The Company confirms the following:
 - Details of any securities issued under the Existing ESOP will be published in the annual report of the Company relating to the period within which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.
 - Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Existing ESOP after Resolution 6 is approved and who were not named in the Notice will not participate until approval is obtained under that rule.
- A voting exclusion for Resolution 6 is contained in the Notice.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Trevor Lockett is a Director and is therefore a related party of the Company under the Corporations Act.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given:

- (a) the circumstances of the Company; and
- (b) the related party’s circumstances (including the responsibilities involved in the office or employment).

The Company considers the proposed issue is reasonable remuneration and, as such, fall within the exception set out in section 211 of the Corporations Act.

In reaching this view, the Company has considered the position and responsibilities of Trevor Lockett, the Company’s reliance on a limited number of personnel, the need for the Company to effectively incentivise Dr Lockett while aligning the incentive with increasing shareholder value, the desirability of preserving cash resources within the Company, and the terms of the unlisted options. The Company considers that the issue of the unlisted options is an

effective tool which preserves the cash resources of the Company and its group entities whilst providing valuable consideration for Dr Lockett.

Dr Lockett was not present during any discussions and/or determination of the proposed issue of unlisted options to him and/or his nominee(s).

Following issue of the unlisted options, Dr Lockett will have a relevant interest in 1,500,000 unlisted options.

Resolution 7: Adoption of employee incentive scheme

Background

Resolution 7 seeks shareholder approval for the adoption of an employee incentive scheme, being the Employee Security Ownership Plan (**2020 ESOP**). The 2020 ESOP has identical terms to the Existing ESOP, other than with respect to the limit on the number of securities that may be issued under the 2020 ESOP. The maximum aggregate number of securities that may be issued under the 2020 ESOP is 20,000,000.

A summary of the terms of the 2020 ESOP is set out in Annexure C.

ASX Listing Rules

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 Exception 13 provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years of shareholder approval of the scheme. The Company therefore seeks approval of the 2020 ESOP for the purposes of ASX Listing Rule 7.2 Exception 13 so that issues of securities under the 2020 ESOP do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

The Company has not, and does not propose, issuing securities under the 2020 ESOP at this stage. The Company is separately seeking shareholder approvals to issue 1,500,000 unlisted options under the Existing ESOP.

The Company has issued, and proposes issuing, the following securities under the Existing ESOP:

- 1,000,000 unlisted options an exercise price of \$0.20 (20 cents) and expiry date of 21 May 2021. These options were issued on 22 May 2018 to unrelated participants under the Existing ESOP.
- 6,650,000 unlisted options with an exercise price of \$0.20 (20 cents) and expiry date of 14 September 2023. These options were issued on 14 September 2020 to unrelated participants under the Existing ESOP.
- 1,500,000 unlisted options with an exercise price of \$0.20 (20 cents) and expiry date of 14 September 2023 proposed to be issued to Trevor Lockett (and/or his nominee(s)). These options are the subject of Resolution 6 of the Notice.

The Company may in future issue securities under the 2020 ESOP, however it does not have any plans to do so as at the date of the Notice. As noted above, the maximum aggregate number of securities that may be issued under the 2020 ESOP is 20,000,000. Any issue or agreement to issue securities under the 2020 ESOP will be announced to ASX.

Corporations Act

Approval is also sought through Resolution 7 for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The 2020 ESOP provides that the Company may provide financial assistance (in the form of an interest free, limited recourse loan) to participants to fund the acquisition price of shares issued under the 2020 ESOP, further details of which are set out in summary in Annexure C. Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire shares if the financial assistance is given under an employee share scheme that

is approved by shareholders at a general meeting. Resolution 7 seeks approval of the 2020 ESOP for the purposes of section 260C(4) of the Corporations Act.

The 2020 ESOP also provides for the Company to take security over shares issued under the 2020 ESOP to secure loan repayment obligations and places restrictions on transfer and voting which may constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting. Resolution 7 seeks approval of the 2020 ESOP for the purposes of section 259B(2) of the Corporations Act.

General

An electronic copy of the 2020 ESOP will be made available to shareholders upon request to the Company.

A voting exclusion statement as set out in the Notice applies to this Resolution 7.

Resolution 8: Amendment of constitution

It is proposed that the Constitution of the Company be amended as set out in Annexure D. The amendment is proposed to update the Constitution of the Company to reflect changes to the ASX Listing Rules which took effect 1 December 2019.

In particular, the amendment is proposed to specifically address the new terms of ASX Listing Rule 15.12 which, subject to transitional arrangements for existing listed entities, provides that the constitution of a listed entity must include specific text.

This specific text is set out in full in Annexure D. An outline of the impact of these changes is set out below:

- adding that, if restricted securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the entity's issuer sponsored sub-register and to have a holding lock applied for the duration of the escrow period applicable to those securities. This formalises prior requirements of ASX that each holder of restricted securities must sign a written restriction agreement with respect to those restricted securities; and
- adding that a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the listing rules of ASX. This amendment contains similar content to ASX Listing Rule 7.24A which provides an entity must not return capital to holders of restricted securities; and
- other consequential drafting changes to clarify the application of ASX Listing Rule 15.12.

As the Company is already listed, any existing restricted securities on issue are subject to transitional arrangements. However, if the Company:

- undertakes a transaction requiring re-compliance with Chapters 1 & 2 of the ASX Listing Rules under ASX Listing Rule 11.1.3 (full re-compliance) involving the issue of restricted securities;
- issues restricted securities to a party referred to in ASX Listing Rule 10.1 for the acquisition of a substantial classified asset from that party,

it will be required to comply with the new terms of ASX Listing Rule 15.12 in respect of any of its restricted securities following the above transaction(s). Noting the above, the Company considers the Meeting an opportunity to update its Constitution to address the changes to the ASX Listing Rules as described above.

In addition to the amendment to the Constitution as described above, it is proposed that certain, clarifying amendments are also made to the Constitution as also set out in Annexure D.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

The Directors of the Company unanimously recommend shareholders vote in favour of Resolution 8.

Resolution 9: Renewal of proportional takeover provisions in the Constitution

Article 28 of the Constitution contains provisions dealing with member approval requirements if there was to be any proportional takeover bids for the Company's securities (**Proportional Bid Provisions**).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each holds.

Part 6.5 Subdivision 5C of the Corporations Act provides that these Proportional Bid Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Bid Provisions of the Constitution (Article 28) be renewed.

A soft copy of the Constitution can be sent via email to any shareholder upon request made to Pauline Moffatt, the joint Company Secretary, by email to pmoffatt@northernstargroup.com.au.

The Resolution to renew the Proportional Bid Provisions is proposed as a special resolution. Accordingly, to be passed at least 75% of the votes validly cast on the Resolution by shareholders eligible to vote of the Resolution by number of shares must be in favour of the Resolution.

If Resolution 9 is passed, shareholders holding at least 10% of the Company's issued ordinary shares may, within 21 days after the Meeting, apply to a court to have the purported renewal of the Proportional Bid Provisions set aside. The court may make an order setting aside the purported renewal of the Proportional Bid Provisions if it is satisfied that it is appropriate in the circumstances to do so.

In seeking the members' approval for the renewal of the Proportional Bid Provisions, the Corporations Act requires the below information to be provided to members.

Effect of provisions proposed to be renewed

Article 28 of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proposed transfer has been approved by the members at a general meeting of the Company (**Prescribed Resolution**). The person making the offer for the securities (**Offeror**) (and their associates) cannot vote on the Prescribed Resolution and the Prescribed Resolution requires the approval of more than 50% of members who are entitled to vote at that meeting.

Article 28 also provides that if a Prescribed Resolution is not voted upon at the end of the day before the relevant day in relation to the off-market bid under which offers have been made, the Prescribed Resolution is deemed approved.

If shareholders pass this Resolution 9 then Article 28 as described above will continue to have effect for a period of three years from the date of the Meeting.

Reasons for the resolution

Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Article 28 cease to apply at the end of 3 years from their adoption (or their last renewal).

The Proportional Bid Provisions were included in the Constitution at the time of incorporation of the Company which was more than 3 years ago and therefore are due to be renewed.

Section 648(G)(4) enables the members to approve a renewal of Proportional Bid Provisions.

The Directors believe that the members should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Article 28 needs to be renewed. If Article 28 is renewed and any proportional takeover bid (if any) is subsequently approved by members, each member will still have the right to make a separate decision whether that member wishes to accept the (proportional takeover) bid for their own securities.

Awareness of current acquisition proposals

As at the date of the Notice, none of the Directors is aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company.

Advantages and disadvantages of the Proportional Bid Provisions since last renewed

As there have been no takeover bids made for any of the shares in the Company since the initial adoption of the Proportional Bid Provisions, there has been no application of Article 28 with respect to the Company as at the date of the notice of meeting. It may be considered that the potential advantages and disadvantages described below have applied for the period since adoption of Article 28 as part of the Constitution.

Potential advantages and disadvantages of the proposed resolution for directors and members

The potential advantages and disadvantages of renewing the Proportional Bid Provisions to directors include:

- (a) If the Directors consider a partial bid should be opposed they will be assisted in preventing the bidder from securing control of the Company as the bidder requires a majority of votes to be cast in its favour by the independent shareholders before the bid can succeed.
- (b) With the Proportional Bid Provisions in place, the Directors must call a meeting to seek the members' view if any partial takeover offer is made, even if the Directors believe the offer should be accepted.
- (c) Under the Proportional Bid Provisions, the most effective view on a partial bid is the view expressed by the vote of the shareholders themselves, at the meeting.
- (d) The Proportional Bid Provisions may make it easier for Directors to discharge their fiduciary and statutory duties as Directors in the event of a partial takeover bid.
- (e) The Directors remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The potential advantages of the renewal of the Proportional Bid Provisions for members include:

- (a) All members have an opportunity to study a proportional takeover bid, if made, and to attend or be represented by proxy at a meeting called specifically to vote on the proposal. A majority of shares voted at the meeting, excluding the shares of the bidder and its associates, will be required for the applicable resolution to be passed, following which members will be able to decide whether to accept the bid that may result in a change of the control of the Company.
- (b) Members are able to prevent a proportional takeover bid proceeding if they believe that control of the Company should not be permitted to pass under the bid and, accordingly, the terms of any future proportional takeover bid is likely to be structured in a manner that is attractive to a majority of members.
- (c) The Proportional Bid Provisions enable shareholders to act together to avoid the coercion of members that might otherwise arise where they believe a partial offer is inadequate, but nevertheless accept due to concerns that a significant number of shareholders may accept.

- (d) Members are protected against being coerced into accepting a partial bid at a high premium where the bidder indicates its intention to mount a subsequent bid for the remaining shares at a much reduced price, putting members under pressure to accept the initial bid to maximise returns.
- (e) If a partial bid is made, the Proportional Bid Provisions may make it more probable that a bidder will set its offer price at a level that is attractive to members.
- (f) members, as a group, may more effectively advise, contribute to or guide the Directors' response to a partial bid.
- (g) The Proportional Bid Provisions may increase the likelihood that any takeover offer will be a full bid for the whole shareholding of each member, so that member will have the opportunity to dispose of all of their shares rather than only a portion.

The potential disadvantages to members of renewing the Proportional Bid Provisions include:

- (a) By placing obstacles in the way of partial offers, the proposal may tend to discourage partial offers, thus reducing the opportunity for members to sell a portion of their holdings.
- (b) The continued existence of the Proportional Bid Provisions might adversely affect the market value of the Company's shares by making a partial offer less likely, thus reducing any takeover speculation element in the share price.
- (c) An individual member that wishes to accept the partial offer will be unable to sell to the offeror unless a majority of members vote in favour of the partial takeover bid.
- (d) If a partial takeover bid is made, the Company will incur the costs of calling a shareholders meeting.

Recommendation for Resolution 9

Balancing the above advantages and disadvantages, the Directors are of the view that the advantages of renewing the Proportional Bid Provisions outweigh any disadvantages and unanimously recommend the renewal.

Note: references in the Notice and the Memorandum to "\$" are to Australian currency.

**ANNEXURE A
NOTICE OF NOMINATION**

AUDITOR NOMINATION

25 September 2020

The Board of Directors
Rhythm Biosciences Limited
Level 2, 480 Collins Street
Melbourne Vic 3000

Dear Sirs,

RE: NOTICE OF NOMINATION OF AUDITOR IN ACCORDANCE WITH SECTION 328B OF
THE CORPORATIONS ACT 2001 (CTH)

Northern Star Nominees Pty Ltd, being a member of Rhythm Biosciences Limited, nominates BDO Audit Pty Ltd of Collins Square, Tower four, Level 18, 727 Collins Street, Melbourne VIC 3008, for appointment to the position of Auditor at the next Annual General Meeting of the Company.

Yours faithfully,



Adrien Wing
Sole Director and Sole Secretary
Northern Star Nominees Pty Ltd

**ANNEXURE B
TERMS OF OPTIONS**

The vesting conditions applicable to the 1,500,000 unlisted options the subject of Resolution 4 (**Options**) are as follows:

Number of unlisted options	Vesting condition
750,000	Vest upon issue
375,000	Vest upon granting of a CE Mark
375,000	Vest upon achieving TGA registration

In the event of a change of control or 50% change in ownership of the Company, all Options shall immediately vest and become available for purchase. For the purposes of this term control means the power to directly or indirectly:

- (a) Control the membership of the Board of the Company;
- (b) Control the Company applying section 50AA of the Corporations Act 2001 (Cth); or
- (c) The change in ownership of the operating subsidiary of the Company, Vision Tech Bio Pty Ltd, other than as a result of an internal restructure.

In the event of termination of the holder by notice (without cause), 25% (375,000) Options shall immediately vest and become available for purchase within 30 days of termination.

Any unvested options shall lapse upon termination without notice (with cause) or cessation of employment if the holder.

The Options otherwise have the following terms:

- (a) Each Option entitles the holder to acquire one fully paid ordinary share (**Share**) in the capital of the Company. All Options will be unlisted.
- (b) The exercise price is \$0.20 (20 cents) (**Exercise Price**) per Option.
- (c) Subject to satisfaction of any applicable vesting condition(s), each Option is exercisable at any time prior to 5:00pm Melbourne time on 14th September 2023 (**Expiry Date**).
- (d) Subject to satisfaction of any applicable vesting condition(s), Options may be exercised by providing written notice together with payment for the number of Shares in respect of which Options are exercised to the registered office of the Company.
- (e) Any Option that has not been exercised prior to the Expiry Date or cancelled in accordance with these terms shall automatically lapse.
- (f) An Option shall not be able to be exercised (and the Company will not be required to issue Shares upon such exercise) if it would be unlawful to do so.
- (g) The Exercise Price is payable in full upon exercise of Options.
- (h) The Options are non-transferable.
- (i) All Shares issued upon exercise of Options will rank pari passu in all respect with, and have the same terms as, the Company's then issued fully paid ordinary shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of Options, subject to any restriction obligations imposed by ASX. The

Options will not give any right to participate in dividends until shares are issued pursuant to the terms of the relevant Options.

- (j) There are no participation rights or entitlements inherent in the Options. Option holders are not entitled to participate in new issues of securities offers to shareholders without first exercising the Option. The Company will send notices to option holders at least five business days prior to the record date (or such shorter period as allowed by the ASX Listing Rules) applying to offers of securities made to shareholders prior to the Expiry Date.
- (k) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (l) Options will otherwise have the terms as required by ASX under the ASX Listing Rules.

ANNEXURE C
SUMMARY OF ESOP

The Company is seeking shareholder approval for adoption of the Employee Security Ownership Plan (“Plan”).

Note that applies to 2020 ESOP: The maximum number of securities that may be issued under the Plan (being the 2020 ESOP as defined in the Memorandum which this Annexure accompanies) is 20,000,000. As at the date of this Notice, no securities have been offered or issued under the Plan (being the 2020 ESOP).

Any issues of securities or agreements to issue securities under the Plan will be announced to ASX.

The Plan provides for shares, options or other securities or interests (including performance rights) to be issued to eligible persons. The purpose of the Plan is to:

- (a) provide eligible persons with an additional incentive to work to improve the performance of the Company;
- (b) attract and retain eligible persons essential for the continued growth and development of the Company;
- (c) to promote and foster loyalty and support amongst eligible persons for the benefit of the Company; and
- (d) to enhance the relationship between the Company and eligible persons for the long-term mutual benefit of all parties.

Eligible persons are directors, officers and employees of, or consultants to, the Company or an associated body corporate and, in the case of consultants, may include bodies corporate. Participants in the Plan, the number, type and terms of any securities offered or issue, and the terms of any invitation, offer or issue are determined by the Board with the advice of the remuneration committee, if any.

Directors and related parties of the Company may only participate in the Plan if prior shareholder approval is obtained in accordance with the ASX Listing Rules.

The total number of securities which may be issued under the Plan from time to time is the number which is 10% (ten percent) of the number of Shares on issue at the time of issue of a security. Shares issued on exercise of an option or exercise or conversion of an interest issued under the Plan, and options or other interests which have been converted or cancelled or which have lapsed are not counted in determining the number of securities issued under the Plan.

The Directors may make loans to eligible persons to assist acquiring or for the purpose of acquiring securities under the Plan, subject to compliance with the Corporations Act and ASX Listing Rules.

The Board is to administer the terms of the Plan, including but not limited to determining the terms of securities issued, adoption of rules subordinate to the Plan for the administration of the Plan and the suspension or termination of the Plan.

The Plan is to be interpreted and applied in accordance with and subject to the ASX Listing Rules.

**ANNEXURE D
CONSTITUTION AMENDMENTS**

Amendment to reflect new ASX Listing Rule 15.12

Amendment of Article 94 of the Constitution of the Company by deleting Article 94 in full and substituting the following:

“94. RESTRICTED SECURITIES

At times when the Company’s shares are listed for quotation on the ASX, for so long as the Company has any restricted securities on issue and despite any other provision in this Constitution:

- (a) a holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (b) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the Company’s issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (c) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of restricted securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (d) a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (e) if a holder of restricted securities breaches a restriction deed or a provision of the Company’s constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues; and
- (f) in this Article 94, and for the purposes of this Constitution generally when used in connection with this Article 94 or its subject matter, the following words and phrases have the meaning given to them in the Listing Rules: “class”; “dispose” or “disposal” (which include using an asset as collateral - see chapter 19 of the Listing Rules); “holding lock”; “issuer sponsored subregister”; “restriction deed”; and “securities”.

Clarifying amendments

- amend the reference to “twenty-one (21)” in Articles 32(1) and 32(2) to “twenty-eight (28)”.
- amend the reference to “Article 76(7)” in Article 59(1) to “Article 76(6)”.