

## NOTICE OF GENERAL MEETING TO CONSIDER CAPITAL MANAGEMENT INITIATIVES

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**MARCH 29, 2017. Melbourne, Australia.**

The attached documents including the Notice of General Meeting incorporating the Explanatory Notes and Proxy form being dispatched to shareholders.

As previously outlined to shareholders, this Meeting seeks to ratify the recent placement at 1.8 cents to two sophisticated US based shareholders and also seek approval for the placement of options to three directors, the consolidation of capital on a one share for every ten shares held basis, and also a change to the constitution of the company to allow for the sale of less than marketable parcels.

It is recommended that shareholders read the document in its entirety. Any questions regarding any of the resolutions can be directed to the Company Secretary, Mr Phillip Hains, at Level 1, 1233 High Street, Armadale. Vic 3124.

**Michael Johnson**  
**Chief Executive Officer**

### **About Rhinomed Limited (ASX: RNO)**

Rhinomed Limited is a Melbourne based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is seeking to monetise applications of its technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to [www.rhinomed.global](http://www.rhinomed.global)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**Date:** Friday 28 April 2017

**Time:** 10:30 am AEST – Registration from 10:15 am

**Location:** Giorgios Function Room,  
1233 High Street, Armadale, VIC, 3143

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

## RHINOMED LIMITED

ACN: 107 903 159

### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Rhinomed Limited ACN 107 903 159 will be held at Giorgios Function Room, 1233 High Street, Armadale, VIC, 3143 on Friday, 28 April 2017 at 10:30 am AEST.

The attached Explanatory Statement is provided to supply Shareholders with information to enable them to make an informed decision regarding the Resolutions set out in this Notice of Meeting. The Explanatory Statement is to be read in conjunction with this Notice of Meeting.

#### 1. Resolutions

##### **Resolution 1 – Ratification of prior placement of Shares**

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 all other purposes, Shareholders ratify the previous issue of 122,135,100 Shares to sophisticated investors, as referred to in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on this Resolution by any person who participated in the issues of Shares and any of their associates. However, the Company need not disregard a vote if:

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

##### **Resolution 2 – Approval of issue of 40,000,000 Options to Michael Johnson**

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 10.11 and for all other purposes, approval is given for the issue of up to 40,000,000 Options in the Company, to Michael Johnson, a director of the Company, or his nominee, on the terms described in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution by Michael Johnson and any of his associates. However, the Company need not disregard a vote if:

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

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## Resolution 3 – Approval of issue of 10,000,000 Options to Brent Scrimshaw

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 10.11 and for all other purposes, approval is given for the issue of up to 10,000,000 Options in the Company, to Brent Scrimshaw, a director of the Company, or his nominee, on the terms described in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution by Brent Scrimshaw and any of his associates. However, the Company need not disregard a vote if:

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

## Resolution 4 – Approval of issue of 10,000,000 Options to Dr. Eric Knight

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 10.11 and for all other purposes, approval is given for the issue of up to 10,000,000 Options in the Company, to Dr. Eric Knight, a director of the Company, or his nominee, on the terms described in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution by Dr Eric Knight and any of his associates. However, the Company need not disregard a vote if:

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

## Resolution 5 - Consolidation of Capital

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

*"That with effect from 3 May 2017 (or such other subsequent date that is notified to ASX by the Company), the share capital of the Company be consolidated through the conversion of every ten (10) Shares into one (1) Share, and that any resulting fractions of Shares be rounded up to the nearest whole number of Shares."*

## Resolution 6 - Change to the Constitution (Unmarketable Parcels)

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

*"To amend the constitution of the Company by inserting a new clause 8A into the Constitution immediately following existing clause 8, as set out in Annexure B to this Notice of Meeting."*

## 2. Determination of voting entitlement

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a Shareholder and the holder of Shares if that person is registered as a holder of those Shares at 7:00 p.m. AEST on 26 April 2017.

## 3. Votes

Unless a poll is demanded in advance of voting on a resolution, voting on each resolution will initially be by way of a show of hands. On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a representative, will have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, will have one vote for each share held by him, her or it.

## 4. Proxies

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder.

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company not less than 48 hours prior to commencement of the Meeting:

- by mail to the Company at PO Box 8694, Armadale, VIC, 3143;
- personally to the Company at Suite 1, 1233 High St, Armadale, VIC, 3143; or
- by facsimile to +61 (03) 9822 7735.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each Resolution by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business.

Subject to the voting restrictions set out in the Voting Exclusion Statement, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

If the proxy is the Chairman, the Chairman can also vote undirected proxies on Resolutions 2 to 4 provided that the proxy form authorises the Chairman to vote even though Resolutions 2 to 4 relate to the issue of Options to Company Directors.

A form of proxy accompanies this Notice. Further instructions are on the Proxy Form.

Phillip Hains

**Company Secretary**

On behalf of the Board of Directors

Rhinomed Limited

23rd March 2017

## EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice of Meeting.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

### **Resolution 1 – Ratification of prior placement of Shares**

#### **Background**

In March 2017, the Company completed a placement of 122,135,000 Shares, at \$0.018 per Share to sophisticated investors raising \$2,198,430 before costs. An additional 100 Shares were issued under a Cleansing Prospectus at \$0.10 per Share raising \$10. The Shares were issued without prior Shareholder approval and in accordance with ASX Listing Rule 7.1.

#### **ASX Listing Rule 7.1 & 7.4**

ASX Listing Rule 7.1 allows the Company to issue new securities up to 15% of the existing capital of the Company in any 12 month period without the prior approval of Shareholders.

ASX Listing Rule 7.4 provides that an issue of shares made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue did not breach Listing Rule 7.1, and the shareholders of ordinary securities subsequently approve the issue. The issue of 122,135,100 Shares in March 2017 did not breach ASX Listing Rule 7.1 and the Company now seeks Shareholder ratification of the issue of those 122,135,100 Shares pursuant to ASX Listing Rule 7.4.

If Resolution 1 is approved, the prior issue of 122,135,100 Shares may be treated by the Company as having been made with approval under ASX Listing Rule 7.1. The Company will therefore be able to issue additional equity securities, without the Shares counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1.

#### **Information required by ASX Listing Rule 7.5**

In compliance with the information requirements of ASX Listing Rule 7.5, Shareholders are advised of the following particulars on the allotment and issue:

|                                      |                                                                                                                                         |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Number of securities issued</b>   | 122,135,100 Shares.                                                                                                                     |
| <b>The issue price of securities</b> | 122,135,000 Shares at \$0.018 per Share raising \$2,198,430.<br>100 Shares at \$0.10 per Share raising \$10.                            |
| <b>Terms of issue</b>                | The Shares issued were all fully paid ordinary Shares in the capital of the Company and rank equally with all existing Shares on issue. |

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|                                                                      |                                                                                                                                             |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of allottees or basis on which allottees were determined</b> | The Shares were allotted to W. Whitney George (105,135,000 Shares) and Paul Stephens (17,000,000 Shares) and The CFO Solution (100 Shares). |
| <b>Use of funds</b>                                                  | Working capital and further product development and commercialization.                                                                      |

## Director's recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 1.

## **Resolution 2 - Approval of issue of 40,000,000 Options to Michael Johnson**

The Company proposes to issue 40,000,000 Options on to Michael Johnson and/or his nominee on the terms and conditions set out below. The issue of options to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If the consolidation of the Company's Share capital is approved by shareholders under Resolution 5 and any of Options the subject of this Resolution 2 are issued on or after the date the consolidation takes effect, then the number of Options to be issued under this Resolution will be reduced in the same proportion as the consolidation ratio and the exercise price of the Options will be amended in inverse proportion to the consolidation ratio.

## **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of options to Michael Johnson constitutes giving a financial benefit and Michael Johnson is a related party by virtue of being a Director.

The Directors (other than Michael Johnson who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations

Act is not required in respect of the issue of Options to Michael Johnson because the Options form part of Michael's remuneration as an officer of the Company and the remuneration is reasonable given Michael's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options to Michael Johnson.

## ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

It is proposed that Options be issued to Michael Johnson as part of his remuneration as an officer of the Company.

As mentioned above, the Board has formed the view that the issue of Options to Michael Johnson does not require Shareholder approval under section 208 of the Corporations Act, as the Options form part of Michael's remuneration as an officer of the Company.

## Information required by ASX Listing Rule 10.13

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|                                                  |                                                                                                                                                                                                                                                                             |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Maximum number of securities to be issued</b> | 40,000,000 Options (pre-consolidation)                                                                                                                                                                                                                                      |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options will occur no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).                                        |
| <b>Issue price per security</b>                  | Options will be issued for nil consideration.                                                                                                                                                                                                                               |
| <b>Terms of issue</b>                            | Each Option will entitle the holder to subscribe for one Share in the Company and will expire on 30 April 2020. The Options will be exercisable at an exercise price of \$0.027 per Option, and will otherwise be issued on the terms and conditions set out in Annexure A. |
| <b>Persons to whom securities will be issued</b> | Michael Johnson, a director of the Company, or his nominee.                                                                                                                                                                                                                 |



## Intended use of funds

No funds will be raised from the issue of Options.

## Directors' recommendation

The Directors (with Michael Johnson abstaining) recommend you vote for this resolution.

### **Resolution 3 - Approval of issue of 10,000,000 Options to Brent Scrimshaw**

The Company proposes to issue 10,000,000 Options to Brent Scrimshaw and/or his nominee on the terms and conditions set out below. The issue of options to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If the consolidation of the Company's Share capital is approved by shareholders under Resolution 5 and any of the Options the subject of this Resolution 3 are issued on or after the date the consolidation takes effect, then the number of Options to be issued under this Resolution will be reduced in the same proportion as the consolidation ratio and the exercise price of the Options will be amended in inverse proportion to the consolidation ratio.

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of options to Brent Scrimshaw constitutes giving a financial benefit and Brent Scrimshaw is a related party by virtue of being a Director.

The Directors (other than Brent Scrimshaw who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options to Brent Scrimshaw because the

Options form part of Brent Scrimshaw's remuneration as an officer of the Company and the remuneration is reasonable given Brent's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options to

Brent Scrimshaw.

### ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

It is proposed that Options be issued to Brent Scrimshaw as part of his remuneration as an officer of the Company.

As mentioned above, the Board has formed the view that the issue of Options to Brent Scrimshaw does not require Shareholder approval under section 208 of the Corporations Act, as the Options form part of Brent's remuneration as an officer of the Company.

### Information required by ASX Listing Rule 10.13

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|                                                  |                                                                                                                                                                                                                                                                             |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Maximum number of securities to be issued</b> | 10,000,000 Options (pre-consolidation)                                                                                                                                                                                                                                      |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options will occur no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).                                        |
| <b>Issue price per security</b>                  | Options will be issued for nil consideration.                                                                                                                                                                                                                               |
| <b>Terms of issue</b>                            | Each Option will entitle the holder to subscribe for one Share in the Company and will expire on 30 April 2020. The Options will be exercisable at an exercise price of \$0.027 per Option, and will otherwise be issued on the terms and conditions set out in Annexure A. |
| <b>Persons to whom securities will be issued</b> | Brent Scrimshaw, a director of the Company, or his nominee.                                                                                                                                                                                                                 |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options.                                                                                                                                                                                                                          |

## Directors' recommendation

The Directors (with Brent Scrimshaw abstaining) recommend you vote for this resolution.

### **Resolution 4 - Approval of issue of 10,000,000 Options to Eric Knight**

The Company proposes to issue 10,000,000 Options to Eric Knight and/or his nominee on the terms and conditions set out below. The issue of options to directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

If the consolidation of the Company's Share capital is approved by shareholders under Resolution 5 and any of the Shares the subject of this Resolution 4 are issued on or after the date the consolidation takes effect, then the number of Options to be issued under this Resolution will be reduced in the same proportion as the consolidation ratio and the exercise price of the Options will be amended in inverse proportion to the consolidation ratio.

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of options to Eric Knight constitutes giving a financial benefit and Eric Knight is a related party by virtue of being a Director.

The Directors (other than Eric Knight who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options to Eric Knight because the Options form part of Eric's remuneration as an officer of the Company and the remuneration is reasonable given Eric's circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options to Eric Knight.

### **ASX Listing Rule 10.11**

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

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It is proposed that Options be issued to Eric Knight as part of his remuneration as an officer of the Company.

As mentioned above, the Board has formed the view that the issue of Options to Eric Knight does not require Shareholder approval under section 208 of the Corporations Act, as the Options form part of Eric's remuneration as an officer of the Company.

## Information required by ASX Listing Rule 10.13

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

|                                                  |                                                                                                                                                                                                                                                                             |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Maximum number of securities to be issued</b> | 10,000,000 Options (pre-consolidation)                                                                                                                                                                                                                                      |
| <b>Date of issue</b>                             | If Shareholder approval is obtained, the issue of the Options will occur no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).                                        |
| <b>Issue price per security</b>                  | Options will be issued for nil consideration.                                                                                                                                                                                                                               |
| <b>Terms of issue</b>                            | Each Option will entitle the holder to subscribe for one Share in the Company and will expire on 30 April 2020. The Options will be exercisable at an exercise price of \$0.027 per Option, and will otherwise be issued on the terms and conditions set out in Annexure A. |
| <b>Persons to whom securities will be issued</b> | Eric Knight, a director of the Company, or his nominee.                                                                                                                                                                                                                     |
| <b>Intended use of funds</b>                     | No funds will be raised from the issue of Options.                                                                                                                                                                                                                          |

## Directors' recommendation

The Directors (with Eric Knight abstaining) recommend you vote for this resolution.

## **Resolution 5: Consolidation of Capital**

### **General**

The Company proposes to consolidate its share capital through the conversion of every ten (10) Shares to one (1) Share. Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

The primary reason for the proposed consolidation is that the Company has a very large number of Shares on issue due to numerous equity-based capital raisings and capital transactions. The number of Shares is disproportionate to the Company's peers, so the Company proposes to reduce this number by way of this share consolidation.

If the consolidation is approved, it is anticipated that the consolidation will take effect on 3 May 2017 (or such other subsequent date notified by the Company to ASX).

### **Effect on Shareholdings and proposed issues of capital**

If the proposed Share consolidation is approved by the shareholders, the number of Shares on issue will be reduced from 936,369,109 Shares to approximately 93,636,910 Shares.

As the consolidation applies equally to all shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject only to the rounding of fractions). It follows that the percentage interest of each shareholder in the Company will not materially change as a result of the proposed consolidation.

Similarly, the aggregate value of each shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the share consolidation alone (and assuming that no other market movements or impacts occur). However, the price per Share can be expected to increase to reflect the reduced number of Shares on issue.

### **Effect on Options**

The Company has Options on issue. In accordance with the Option terms and ASX Listing Rule 7.22, these Options will be consolidated on the same basis as the Shares. That is, every 10 Options will be consolidated into one Option, and their exercise price amended in inverse proportion to the consolidation ratio. Any fractional entitlements will be rounded up to the nearest whole number.

If the proposed consolidation is approved by the shareholders, the effect of the consolidation on the number and exercise price of Options (assuming all Resolutions in relation to the issue of Options under this Notice were approved and all Options are issued prior to the consolidation taking effect) is set out below:

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| Options       | Pre-consolidation |             | Post-consolidation               |            |
|---------------|-------------------|-------------|----------------------------------|------------|
| Expiry Date   | Exercise Price    | Number      | Exercise Price                   | Number     |
| 30 April 2017 | \$0.065           | 203,150,000 | Options Expire on 30 April 2017. |            |
| 30 April 2017 | \$0.065           | 40,000,000  |                                  |            |
| 30 April 2019 | \$0.065           | 796,230     | \$0.65                           | 79,623     |
| 30 April 2019 | \$0.0674          | 10,000,000  | \$0.674                          | 1,000,000  |
| 11 April 2019 | \$0.065           | 18,000,000  | \$0.65                           | 1,800,000  |
| 30 April 2020 | \$0.027           | 60,000,000* | \$0.27                           | 6,000,000* |

\*Options to be issued subject to the passing of resolutions 2, 3 and 4

## Holding Statements

From the date of the consolidation all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-consolidation basis. After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to shareholders. It is the responsibility of each shareholder to check the number of Shares and Options held prior to disposal.

## Taxation implications

Shareholders are encouraged to seek and rely on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences for them from the proposed Share consolidation.

It is the understanding of the Company that no capital gains tax event will occur as a result of the consolidation and therefore there should be no taxation implications arising for shareholders.

## Other information

Where the consolidation of a shareholder's holding results in a fraction of a Share, the fraction will be rounded up to the nearest whole number of Shares.

Other than as set out in this Notice and information previously disclosed to the shareholders of the Company, there is no other information that is known to the Board which may reasonably be expected to be material to the making of a decision by the shareholders whether or not to vote in favour of the Share consolidation.

## Indicative timetable for consolidation

| Event                                                                                                                                                                                                                | Date          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Date of Meeting.                                                                                                                                                                                                     | 28 April 2017 |
| Notification to ASX of results of Meeting.                                                                                                                                                                           | 28 April 2017 |
| Last day for trading in Securities on a pre- Consolidation basis.                                                                                                                                                    | 2 May 2017    |
| First day of trading in consolidated Securities on a deferred settlement basis.                                                                                                                                      | 3 May 2017    |
| Record Date.                                                                                                                                                                                                         | 4 May 2017    |
| First day to send notices to securityholders of the change in the number of securities they hold. First day for entity to register securities on a post-reorganised basis.                                           | 5 May 2017    |
| Deferred settlement market ends. Last day for entity to send notices to security holder of the change in the number of securities they hold. Last day for entity to register securities on a post-reorganised basis. | 11 May 2017   |
| Trading starts on a normal T+2 basis.                                                                                                                                                                                | 12 May 2017   |
| First settlement of trades conducted on a +deferred settlement basis and on a normal T+2 basis.                                                                                                                      | 16 May 2017   |

The above dates are indicative only and may be subject to change by the Company. Any changes to the above dates will be announced to ASX.

### Director's recommendation

All of the Directors recommend that shareholders vote in favour of Resolution 5.

### **Resolution 6 Change to the Constitution (Unmarketable Parcels)**

In order to reduce the costs associated with maintaining the share register, the Company proposes to use provisions permitted by the Listing Rules which allow a company to include provisions in its constitution entitling the company to sell small shareholdings (also known as 'Unmarketable Parcels'). A small shareholder (or Unmarketable Parcel) is one that has a value of less than \$500. The Company had 566 such shareholdings on its register as at 9 March 2017.

The proposal, if approved, will be implemented by inserting a new clause 8A into the Company's constitution. The Listing Rules provide various safeguards for existing shareholders who may be affected by the change including the ability of those shareholders to 'opt out' of the sale process. Listing Rule safeguards for existing shareholders have been incorporated into the proposed clause 8A including:

- The Company may only seek to sell a small shareholding once in a 12 month period;
- the Company must notify the holder of the small shareholding in writing of its intention to sell that small shareholding;

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- the holder of the small shareholding must be given not less than 6 weeks from the date of the Company's notice, in which to inform the Company that they wish to retain their small shareholding i.e. to 'opt out' of the sale process;
- only the Unmarketable Parcels held by Shareholders who do not respond in writing to the Company during the notice period or who expressly state that they want their Unmarketable Parcel sold, may be sold by the Company;
- The costs of selling the shares (apart from income tax, capital gains tax or other personal taxes of the former holder) will be borne by the Company; and
- the power to sell a small shareholding lapses once the announcement of a takeover bid for the Company is made, but can be started again once offers under the takeover bid have been closed.

If an existing holder of a small shareholding fails to provide the Company with written notice of their intention to retain their small shareholding after receiving notice of the Company's intention to sell those shares (or the holder fails to respond within the time frame specified in the notice), the Company is entitled to sell the shares. Positive action is therefore required by existing small shareholdings in order to retain their shareholdings.

The Board believes this provision strikes an appropriate balance between the rights of shareholders and seeking to control the significant costs associated with a large share register with a high level of shareholders holding Unmarketable Parcels.

For Shareholders with an Unmarketable Parcel, the option of sale through the Company by way of the procedure set out in clause 8A is a very efficient and cheap means of sale of their Shareholding as it will not involve them in payment of the brokerage or other costs of sale which, in the case of very small shareholdings, will often be a significant percentage (or all) of the total proceeds of sale.

A copy of proposed clause 8A is set out in Annexure B to this Explanatory Statement. Shareholders should consider clause 8A carefully. There may be taxation or social security implications of sale of an Unmarketable Parcel under the proposed clause 8A. Those implications will be dependent on your personal circumstances. If you are in doubt as to the effect of the clause or its possible impact on you, you should consult your financial or other professional adviser.

## **Director's recommendation**

All of the Directors recommend that shareholders vote in favour of Resolution 6.



## GLOSSARY

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

**AEST** means Australian Eastern Standard Time

**ASX** means ASX Limited.

**ASX Listing Rules** means the listing rules of ASX.

**Board** means the board of directors of the Company.

**Cleansing Prospectus** means the Cleansing Prospectus issued by the Company dated 21 March 2017 and lodged with ASX and ASIC on 21 March 2017.

**Company or Rhinomed** means Rhinomed Limited (ACN 107 903 159).

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

**Director** means a current director of the Company.

**Expiry Date** means 5pm (AEST) on 30 April 2020.

**Explanatory Statement** means the explanatory statement to this Notice of Meeting.

**Meeting** means the Extraordinary General Meeting of the Shareholders of the Company to be held on 28 April 2017, to which the Notice of Meeting and Explanatory Statement relate.

**Notice of Meeting** means this notice of meeting of the Company dated 23 March 2017.

**Option** means an option to subscribe for one Share.

**Resolution** means a resolution referred to in the Notice of Meeting.

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

**Shareholder** means a holder of Shares.

Words importing the singular include the plural and vice versa.

All references to currency are in Australian dollars.

## Annexure A

### Terms and Conditions of Options

Expiring on 30 April 2020

- a) Each Option entitles its holder to subscribe in cash for one Share.
- b) Each Option is exercisable at an exercise price of \$0.027 per Option, at any time prior to the Expiry Date by completing an option exercise form and delivering it, together with payment for the number of Shares in respect of which the Option is exercised, to the registered office of the Company. Any Option that has not been exercised prior to the Expiry Date automatically lapses.
- c) An Option automatically lapses without any claim against the Company on the occurrence of any of the following events:
  - a. upon the bankruptcy, liquidation or winding up of the holder or the happening of any other event that results in the holder being deprived of the legal or beneficial ownership of the Option; or
  - b. upon the liquidation or winding up of the Company for any reason other than by the way of members' voluntary winding up.
- d) The Company will not apply for official quotation by ASX of the Options.
- e) Subject to the Corporations Act, the ASX Listing Rules, and the constitution of the Company, each Option is freely transferable.
- f) Shares issued upon the exercise of the Options will rank pari passu with the Company's existing Shares.
- g) The Company will apply for official quotation by ASX of the Shares issued upon exercise of Options, subject to any restriction obligations imposed by ASX.
- h) The Options will not give any right to participate in dividends unless and until Shares are issued upon exercise of the relevant Options.
- i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the life of the Option. The Company will ensure that holders will be given at least seven business days' notice to allow for the exercise of Options prior to the record date in relation to any offers of securities made to Shareholders.
- j) 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 rights attaching to the Options or both will be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- k) If there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.

## Annexure B – Proposed Clause 8A

### 8A Unmarketable parcels

#### 8A.1 Definitions

In this article 8A:

**Authorised Price** means the price per Share equal to the average of the last sale price of the Shares of the Company quoted on the Ordinary List for each of the 10 days on which trading has taken place on the Ordinary List immediately preceding the date of any offer to purchase Unmarketable Parcels accepted by the Company pursuant to this article 8A;

**Effective Date** means the date immediately following the expiry of the period referred to in the notice given by the Company to Unmarketable Parcel Holders in accordance with this article 8A;

**Marketable Parcel** means a number of Shares equal to a marketable parcel as defined in the Listing Rules;

**Unmarketable Parcel** means a number of Shares which is less than a Marketable Parcel; and

**Unmarketable Parcel Holder** means a Member holding an Unmarketable Parcel calculated on the day before the Company gives notice under article 8A.2.

#### 8A.2 Notice to Unmarketable Parcel Holder

- (a) Once in any 12 month period, the Directors may decide to give written notice to a Member who holds an Unmarketable Parcel. If they do so, the notice must:
  - (i) state that the Company intends to sell the Unmarketable Parcel; and
  - (ii) specify a date at least six weeks (or any lesser period permitted under the Corporations Act or the Listing Rules) after the notice is given by which the Member may give the Company written notice that the Member wishes to retain the holding.
- (b) If the Directors' power to sell lapses under article 8A.13, any notice given by the Directors under this rule is taken never to have been given and the Directors may give a new notice after the close of the offers made under the takeover.

#### 8A.3 Revocation or withdrawal of notice

If an Unmarketable Parcel Holder has given written notice to the Company that it wishes its Shares to be exempted from this article 8A, it may at any time prior to the Effective Date revoke or withdraw that notice and the provisions of this article 8A will then apply to the Shares held by that Unmarketable Parcel Holder.

#### 8A.4 Sale of Unmarketable Parcels

Subject to article 8A.2, on and from the Effective Date, the Company may sell or otherwise dispose of the Shares held by any Unmarketable Parcel Holder (excluding those that have provided notice under clause 8A.2(a)(ii) on any terms and in any manner and at those times that the Directors so determine. For the purpose of selling or disposing of those Shares, each Unmarketable Parcel Holder irrevocably:

- (c) appoints the Company as its agent to sell all the Shares held by it at a price not less than the Authorised Price;
- (d) appoints the Company and each Director and Secretary from time to time jointly and severally as its attorney in its name and on its behalf to effect a transfer document for its Shares and to otherwise act to effect a transfer of its Shares; and
- (e) appoints the Company as its agent to deal with the proceeds of sale of those Shares in accordance with this article 8A.

## **8A.5 Company may not sell below Authorised Price**

The Company may only sell the Shares of an Unmarketable Parcel Holder if the Company has received offers for all the Shares constituting Unmarketable Parcels at the same price, which may not be less than the Authorised Price.

## **8A.6 Company to pay all costs**

The Company will pay all costs and expenses of the sale and disposal of Unmarketable Parcels under this article 8A.

## **8A.7 Title of purchaser of Unmarketable Parcel**

Once the name of the purchaser of the Shares sold or disposed of in accordance with this article 8A is entered in the Register for those Shares, the title of the purchaser to those Shares is not affected by any irregularity or invalidity in connection with the sale or disposal of those Shares and the validity of the sale may not be impeached by any person.

## **8A.8 Remedy of Unmarketable Parcel Holder**

The remedy of any Unmarketable Parcel Holder who is aggrieved by the sale or disposal of its Shares under this article 8A is limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.

## **8A.9 Evidence of sale in accordance with this article**

A statement in writing declaring that the person making the statement is a Director or Secretary of the Company and that the Shares of an Unmarketable Parcel Holder have been dealt with in accordance with this article 8A, is conclusive evidence of the facts stated in the statement as against all persons claiming to be entitled to those Shares.

## **8A.10 Receipt of proceeds of sale**

The receipt by the Company of the proceeds of sale of the Shares of an Unmarketable Parcel Holder is a good discharge to the purchaser of all liability in respect of the purchase of those Shares and the purchaser will not be bound to see to the application of the money paid as consideration.

## **8A.11 Company to deal with proceeds of sale**

The Company will receive the proceeds of sale of the Shares of each Unmarketable Parcel Holder and will deal with those proceeds as follows:

- (f) the proceeds must be paid into a separate bank account opened and maintained by the Company for that purpose;

- (g) the proceeds must be held in trust for the Unmarketable Parcel Holder;
- (h) the Company must, immediately following a receipt of the proceeds, notify the Unmarketable Parcel Holder in writing that the proceeds of the sale of those Shares have been received by the Company and are being held by the Company pending receipt of the certificate for the Shares sold or disposed of and seeking instructions from the Unmarketable Parcel Holder as to how the proceeds are to be dealt with;
- (i) the Company must deal with the sale proceeds as instructed by the Unmarketable Parcel Holder on whose behalf they are held if the Member provides to the Company the certificate for those Shares or, if that certificate has been lost or destroyed, a statement and undertaking in accordance with the Corporations Act is provided to the Company; and
- (j) if the whereabouts of the Unmarketable Parcel Holder are unknown or no instructions are received from the Unmarketable Parcel Holder within 2 years of the proceeds being received by the Company, the Company may deal with those proceeds according to the applicable provisions of the Corporations Act dealing with unclaimed monies.

## **8A.12 Overriding effect of this article**

Subject to article 8A.13 and 8A.4, the provisions of this article 8A have effect despite any other provision of this Constitution.

## **8A.13 Article ceases to have effect following announcement of takeover bid or takeover announcement**

This article 8A ceases to have effect following the announcement of a takeover bid or takeover announcement but, notwithstanding article 8A.4, the procedures set out in this article 8A may be started again after the close of the offers made under the takeover bid or takeover announcement.

## **8A.14 Invocation of article**

The provisions of this article 8A may be invoked only once in any 12 month period.

R H I N O M E D

Rhinomed Limited | ABN 12 107 903 159

## EGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

### Vote by Proxy

**RNO**

Holder Number:

#### Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the Extraordinary General Meeting of the Company, to be held at **10.30am (AEST) on Friday, 28 April 2017** at **Giorgios Function Room, 1233 High Street, Armadale, Victoria 3143** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

#### Resolutions

- 1 Ratification of prior placement of Shares
- 2 Approval of issue of 40,000,000 Options to Michael Johnson
- 3 Approval of issue of 10,000,000 Options to Brent Scrimshaw

For Against Abstain

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

#### Resolutions

- 4 Approval of issue of 10,000,000 Options to Eric Knight
- 5 Consolidation of Capital
- 6 Change to the Constitution (Unmarketable Parcels) – Special Resolution

For Against Abstain

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

#### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017

Email Address .....

## HOW TO COMPLETE THIS PROXY VOTING FORM

### LODGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.30am (AEST) on Wednesday, 26 April 2017, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:

#### BY MAIL

Rhinomed Limited  
PO Box 8694  
Armadale VIC 3143

#### BY HAND

Rhinomed Limited  
Suite 1, 1233 High Street, Armadale VIC 3143

#### BY FAX

+ 61 (03) 9822 7735

### YOUR NAME AND ADDRESS

This is your name and address 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.

### VOTING UNDER STEP 1 - APPOINTING A PROXY

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

### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

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

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

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

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

### ATTENDING THE MEETING

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