



30 October 2019

Dear Shareholder,

I am pleased to invite you to attend the 2019 Annual General Meeting (**AGM** or **meeting**) of Althea Group Holdings Limited ACN 626 966 943 (**Althea** or **Company**) which has been scheduled as follows:

Date Wednesday, 27 November 2019

Time 2.00pm (AEDT)

Location DLA Piper Australia
Level 21, 140 William Street
Melbourne, Victoria 3000

Please find enclosed a Notice of Meeting and Proxy Form for the AGM. The Notice of Meeting sets out the items of business for the meeting which also includes voting procedures, explanatory notes and the Board's voting recommendations. Please take the time to carefully read those documents in their entirety.

If you plan to attend the meeting, please bring the enclosed personalised Proxy Form with you as it will help you to register your attendance at the meeting. You can register from 1.30pm (AEDT) on the day of the meeting.

If you are unable to attend the meeting in person, you are engaged to participate in the meeting by appointment a proxy to act on your behalf. If appointing a proxy, the enclosed Proxy Form should be completed and returned to the Company (see Proxy Form for details) as soon as possible and, in any event, no later than 2.00pm (AEDT) on Monday, 25 November 2019.

The Board encourages all Shareholders to direct their proxy how to vote on each item of business.

If you have any queries in relation to the AGM, please contact the company secretary, Mr Robert Meissner on +61 408 981 759.

I look forward to your attendance at the AGM.

Andrew Newbold
Chairman

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Althea Group Holdings Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting (**AGM** or **meeting**) of the Shareholders of Althea Group Holdings Limited ACN 626 966 943 (**Althea** or **Company**) will be held at the offices of DLA Piper Australia, Level 21, 140 William Street, Melbourne, Victoria 3000 on Wednesday, 27 November 2019 at 2.00pm (AEDT).

AGENDA

Item 1: Financial Report

To receive the financial statements, directors' report and auditor's report for the Company for the financial year ended 30 June 2019.

Note: There is no requirement for Shareholders to approve these reports or vote on this item of business.

Item 2: Remuneration Report (Resolution 1)

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

That the remuneration report for the year ended 30 June 2019 be adopted.

Note: This resolution is advisory only and does not bind the Company or the directors. The directors 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.

Voting exclusion: In accordance with ASX Listing Rules the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Remuneration Report or their closely related parties (regardless of the capacity in which the vote is cast); or as a proxy by a member of the Company's KMP at the date of the Meeting or their closely related parties, unless the vote is cast as proxy for a person entitled to vote on Resolution 1: (i) in accordance with the directions in the proxy form; or (ii) by the Chairman of the Meeting pursuant to an

express authorisation in the proxy form to exercise the proxy even though Resolution 1 is connected with the remuneration of the KMP.

Item 3: Approval for additional 10% placement capacity (Resolution 2)

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

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the explanatory statement accompanying this Notice of Meeting."

Voting exclusion: In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities (except a benefit solely by reason of being a holder of Shares) or any associate of such a person.

However, under the ASX Listing Rules, the Company need not disregard a vote in favour of Resolution 2 if:

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

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Please note that as at the date of this Notice of Meeting, no Shareholder is precluded from voting on Resolution 2.

Item 4: Re-election of Director (Resolution 3)

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

“That Alan Boyd, a Director who retires by rotation at the close of the AGM in accordance with clause 67.2 of the Company’s constitution and being eligible, is re-elected as a Director of the Company.

Item 5: Resolution 4 – Approval of the Althea Group Holdings Limited Rights Plan (the Plan)

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

“That, for the purposes of Listing Rule 7.2 Exception 9 and for all other purposes, the Althea Group Holdings Limited Rights Plan (the Plan) and any grants of Rights (as defined in the Plan) and Shares (ordinary shares in Althea Group Holdings Limited) or Restricted Shares (Shares that are subject to disposal restrictions) that result from the exercising of Rights under the Plan be approved.”

Given their potential interest in Resolution 4, executive directors make no recommendation to shareholders with respect to this resolution. However, since non-executive directors are not eligible to participate in the Plan it is recommended by them that shareholders vote in favour of this resolution.

Voting exclusion: The Company will disregard any votes in favour of Resolution 4 cast by any directors who are eligible to participate in the Plan, and any associates of those directors.

The Chairperson will vote undirected proxies in favour of this resolution.

Item 6: Resolution 5 – Approval of Retirement Benefit for Mr Joshua Fegan

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

“That approval be given for the purposes of Section 200B of the Corporations Act, Rule 10.19 of the ASX Listing Rules and for all other purposes, to the provision of retirement benefits to Mr Joshua Fegan up to a new retirement benefit limit determined in accordance with the terms and conditions set out in the Explanatory Statement.”

The directors, excluding Mr Joshua Fegan, unanimously recommend that Shareholders vote in favour of Resolution 5. Directors other than Mr Joshua Fegan do not have an interest in the outcome of the proposed resolution.

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 5 by any directors to whom this resolution relates, and any associates of such directors.

Item 7: Resolution 6 – Approval for the Granting of FY19 and FY20 Performance Rights to a Director – Mr Joshua Fegan, Managing Director

“That approval be given for the purposes of Section 200B of the Corporations Act, Rule 10.14 of the ASX Listing Rules and for all other purposes, to the provision of retirement benefits to Mr Joshua Fegan up to a new retirement benefit limit determined in accordance with the terms and conditions set out in the Explanatory Statement.”

Mr Joshua Fegan is the only person both subject to ASX Listing Rule 10.14 and entitled to participate in the Plan, as at the date of the preparation of this resolution. No previous grants have been made to him or any other person as at the date of the preparation of this resolution.

The Performance Rights will be granted within one month of the AGM being held.

The Company will disregard any votes in favour of Resolution 6 cast by Mr Joshua Fegan and any associates of Mr Joshua Fegan. However, the Company will not disregard a vote if cast by a person as proxy for a person who is entitled



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to vote, in accordance with the directions on the Proxy Form that specify how the proxy is to vote on this resolution or the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form that does not specify how the proxy is to vote on this resolution, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of Mr Joshua Fegan.

The directors, excluding Mr Joshua Fegan, unanimously recommend that Shareholders vote in favour of Resolution 6. Directors other

than Mr Joshua Fegan do not have an interest in the outcome of the proposed resolution.

The Company will disregard any votes cast in favour of Resolution 6 by any directors to whom this resolution relates, and any associates of such directors.

The Chairperson will vote undirected proxies in favour of this resolution.

Other Business

To consider any other business that may be lawfully brought forward.

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HOW TO VOTE

Attending the meeting in person

Shareholders may attend the meeting and vote in person.

If you intend to attend the meeting in person, you do not need to submit a Proxy Form.

You may still attend the meeting and vote in person even if you have appointed a proxy. You will be provided with a poll voting card on the day. If you have previously submitted a Proxy Form, your attendance will suspend your proxy appointment while you are present at the meeting.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Computershare Investor Services will need to verify your identity. You can register from 1.30pm (AEDT) on the day of the meeting.

Appointing a proxy

You can appoint a proxy to attend and vote on your behalf as an alternative to attending the meeting in person.

To appoint a proxy, complete the Proxy Form. You can direct your proxy how to vote on Items 2 to 3 by marking "For", "Against" or "Abstain".

A proxy does not need to be a shareholder of Althea. A proxy may be an individual or a company. You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Forms and specify the percentage or number of votes each proxy is appointed to exercise. If you do not specify a percentage or number in both forms, each proxy may exercise half of the votes. You must return both Proxy Forms together. If you require an additional Proxy Form, please contact Computershare Investor Services on 1800 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you sign the enclosed Proxy Form and no direction is given, the Chairman will be appointed as your proxy. The Chairman

intends to vote undirected proxies on, and in favour of, all the proposed resolutions.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote will be suspended while you are present.

IMPACT OF YOUR PROXY APPOINTMENT ON YOUR VOTING INSTRUCTIONS

If you appoint the Chairman as your proxy and do not direct him how to vote, you are authorising the Chairman to cast your undirected vote on all proposed resolutions.

Chairman's voting intentions

The Chairman intends to vote undirected proxies on, and **in favour of**, all the proposed resolutions. If there is a change to how the Chairman intends to vote undirected proxies, Althea will make an announcement to the market. The Chairman's decision on the validity of a vote cast by a proxy or vote cast in person is conclusive.

SUBMITTING YOUR PROXY FORM

Your completed Proxy Form must be received by no later than 2.00pm (AEDT) on Monday, 25 November 2019. An original or a certified copy of any power of attorney under which the form was signed must also be received by this time unless previously provided to Computershare Investor Services.

You can lodge your vote:

- online at www.investorvote.com.au by following the instructions. You will need your Security holder Reference Number (SRN) or Holder Identification Number (HIN), which is set out on the enclosed Proxy Form.
- online at <http://www.intermediaryonline.com> (for intermediary online users online)
- by completing the enclosed Proxy Form and:
 - posting it to Computershare Investor Services using the reply-paid envelope



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or to Computershare Limited, GPO
Box 242, Melbourne VIC 3001

- faxing it to +61 3 9473 2555
- hand delivering it to Computershare Investor Services, at Computershare Limited at Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
- using a mobile device to scan the QR code on the Proxy Form. To scan the QR code you will need a QR code reader application that can be downloaded for free on your mobile device. You will also need your SRN or HIN and postcode for your shareholding.

DETERMINATION OF VOTING ENTITLEMENT

For the purpose of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined, for the purpose of voting entitlements at the meeting, that Shares in Althea are taken to be held by those Shareholders registered at 7.00pm (AEDT) on Monday, 25 November 2019. Accordingly, only those persons will be entitled to attend and vote at the meeting.

By order of the Board

Mr Robert Meissner
Company Secretary
30 October 2019

QUESTIONS AND COMMENTS BY SHAREHOLDERS

A reasonable opportunity will be given to Shareholders as a whole at the AGM to ask questions about or make comments on the Company's Financial Report for the financial year ended 30 June 2019 and the management or performance of the Company and to ask the Auditor (or their representative) questions relevant to the conduct of the audit, the preparation and content of their Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its Annual Report and the Auditor's independence in relation to the conduct of the audit.

GLOSSARY

A glossary of terms used in this Notice of Meeting is contained in the explanatory statement. Terms defined in the glossary also apply to the accompanying Proxy Form, unless the context requires otherwise.

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EXPLANATORY STATEMENT

This explanatory statement has been prepared and is being provided to Shareholders in connection with the items of business to be considered at the 2019 Annual General Meeting of Shareholders to be held at the offices of DLA Piper Australia, Level 21, 140 William Street, Melbourne, Victoria 3000 on Wednesday, 27 November 2019 at 2.00pm (AEDT).

The purpose of this explanatory statement is to provide Shareholders with an explanation of the items of business and the resolutions to be proposed and considered at the meeting.

Item 1: Financial Report

Background

The Corporations Act requires the Annual Financial Report of the Company (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report in respect of the financial year ended on 30 June 2019 to be laid before the AGM.

Consideration of Financial Report

The Company's Annual Financial Report in respect of the financial year ended on 30 June 2019 accompanies the Notice of Meeting and is also available online at the ASX's website at asx.com.au (**ASX:AGH**).

Neither the Corporations Act nor the Constitution requires Shareholders to approve the Annual Financial Report, the Directors' Report or the Auditor's Report. However, in accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on these reports and on the business, operations and management of the Company.

The Auditor, or a representative of the Auditor, is required to attend the meeting and will be available to take Shareholders' questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its Annual Financial Report and the Auditor's independence in relation to the conduct of the audit.

Item 2: Remuneration Report (Resolution 1)

Background

The Corporations Act requires the annual Directors' Report of a listed company to include a Remuneration Report discussing the board's policies for determining the nature and amount of remuneration paid to key management personnel.

Section 250R(2) of the Corporations Act then requires the Remuneration Report of the listed company for the relevant financial year to be laid before the AGM and a resolution that it be adopted put to shareholders for consideration. The outcome of the resolution is advisory only and does not bind the directors or the list company.

Remuneration Report

The remuneration report of the Company for the financial year ended 30 June 2019 is set out in the Company's 2019 Annual Report.



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Board Recommendation

The non-executive directors unanimously recommend that you **vote in favour** of Resolution 1.

Voting exclusion: In accordance with ASX Listing Rules the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Remuneration Report or their closely related parties (regardless of the capacity in which the vote is cast); or as a proxy by a member of the Company's KMP at the date of the Meeting or their closely related parties, unless the vote is cast as proxy for a person entitled to vote on Resolution 1: (i) in accordance with the directions in the proxy form; or (ii) by the Chairman of the Meeting pursuant to an express authorisation in the proxy form to exercise the proxy even though Resolution 1 is connected with the remuneration of the KMP.

Item 3: Approval for additional 10% placement capacity (Resolution 2)

Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 2 to have the ability to issue Equity Securities under the Additional 10% Placement Facility.

If Shareholders approve Resolution 2, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being fully paid ordinary shares. Therefore, based on its current issued securities, only fully paid ordinary shares can be issued by the Company under ASX Listing Rule 7.1A.

Resolution 2 is proposed as a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the meeting must be in favour of Resolution 2 for it to be passed.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 2 in the Notice of Meeting. As at the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or any associate of a Shareholder to participate in an issue of Equity Securities under the Additional 10% Placement Capacity. Accordingly, no Shareholder is precluded from voting on Resolution 2.

ASX Listing Rule 7.1A – eligibility criteria

The Company is an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation no greater than \$300 million (excluding restricted securities and securities quoted on a deferred settlement basis) and is not included in the S&P/ASX 300 Index as at the date of the relevant special resolution under ASX Listing Rule 7.1A.

As at the date of the Notice of Meeting, the Company is an Eligible Entity. Accordingly, the Board believes that the Company will be an Eligible Entity at the date of the AGM.

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If Shareholders approve Resolution 2, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

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

Where:

- A** = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:
- *plus* the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - *plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
 - *plus* the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4; and
 - *less* the number of fully paid ordinary shares cancelled in the 12 months.

Note that “**A**” has the same meaning in ASX Listing Rule 7.1 (described above) when calculating Althea’s usual annual 15% placement capacity under that ASX Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “**A**” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable “**E**” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue.

Placement capacity under ASX Listing Rules 7.1 and 7.1A

Subject to a number of exceptions, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities that a listed entity such as Althea may issue or agree to issue without Shareholder approval in any 12-month period to 15% of its issued ordinary shares. The Additional 10% Placement Capacity is in addition to the Company’s usual annual 15% placement capacity under ASX Listing Rule 7.1.

As at the date of the Notice of Meeting, the Company has 233,310,000 Shares on issue and, accordingly, it will have capacity to issue 23,331,000 Shares under ASX Listing Rule 7.1A without the prior approval of its Shareholders if Shareholders approve Resolution 2. This capacity to issue



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additional shares will be in addition to any other Shares and other Equity Securities which it can issue under the permitted exceptions to ASX Listing Rules 7.1 and 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A or ASX Listing Rule 7.1 at any particular point in time will be calculated at the relevant time in accordance with the ASX Listing Rule 7.1A.2 Formula (outlined above) or the formula applicable to ASX Listing Rule 7.1 (as the case may be).

Period of approval

Shareholder approval of the Additional 10% Placement Capacity is valid from (and, therefore, Equity Securities may be issued under the Additional 10% Placement Capacity from) the date of the meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the meeting; and
- (2) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (*Proposed change to nature or scale of activities*) or ASX Listing Rule 11.2 (*Change involving main undertaking*),

(Period of Approval).

Upon the expiry of the Period of Approval, the Company's placement capacity will be governed by ASX Listing Rule 7.1 (and ASX Listing Rule 10.11, in the case of placements to related parties) unless the Company has obtained a further approval under ASX Listing Rule 7.1A.1 before the end of the Period of Approval.

Any approval under Resolution 2 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

Minimum issue price

Under ASX Listing Rule 7.1A.3, the minimum price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed; or
- (2) if the securities are not issued within 5 trading days of that date, the date on which the securities are issued.

If Althea issues any Equity Securities under ASX Listing Rule 7.1A for non-cash consideration, it must provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of those Equity Securities complies with the minimum issue price outlined above.

Purpose and allocation

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has it invited any Shareholder to participate, or consider participating, in an issue of Equity Securities under the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity

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may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of assets or investment in business opportunities which may arise from time to time.

Ultimately, if Resolution 2 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will depend on various considerations including the purpose of the proposed issue, the alternative methods for raising funds which are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company including its financial position, the prevailing market conditions at the time of the proposed issue and any advice received from corporate, financial or other advisers (as applicable).

The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. Placees may also include vendors of assets or businesses into the Company or its subsidiaries. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration or as non-cash consideration. If the Company issues any Equity Securities under the Additional 10% Placement Capacity for non-cash consideration (for example, where the Company acquires assets from a vendor or makes an investment in a business), it must provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with the minimum issue price under ASX Listing Rule 7.1A.3 (outlined above).

In the twelve-month period preceding this meeting, the Company issued thirty million (30,000,000) ordinary Equity Securities, representing 14.76% of Equity Securities on issue as at the commencement of the twelve-month period. The Equity Securities were issued under an institutional placement brokered by PAC Partners at a price of \$1.00. The Equity Securities were issued at a premium of 2.6% as at the closing price on the date of issue (8 August 2019). Cash consideration of thirty million dollars (\$30,000,000) of which approximately eight million, four hundred and fifty thousand dollars (\$8,450,000) has been spent on the acquisition of Peak Processing, the buildout of the Peak facility and the fees associated with the placement. The above expenses and the intended use for all remaining amounts are per the Company's announcement to ASX dated 25 July 2019.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the Additional 10% Placement Capacity.

Risk of economic and voting dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as illustrated in the table below.

The table below has been prepared based on the number of quoted Equity Securities (i.e. fully paid ordinary shares) on issue in the Company as at the date of the Notice of Meeting and the closing price of those securities as at close of trade on ASX on 22 October 2019.

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The table below also shows the voting dilutionary impact where the number of Shares on issue (variable A in the ASX Listing Rule 7.1A.2 Formula) changes and the economic dilutionary impact where there are changes to the issue price of Shares issued under the Additional 10% Placement Capacity.

Number of Shares on Issue <i>(variable "A" in Listing Rule 7.1A.2)*</i>	Dilution			
	Dilution based on number of Shares issued <i>(being 10% of the number of Shares at the time of issue)</i>	Funds raised based on an issue price of \$0.27 <i>(50% decrease in current issue price)</i>	Funds raised based on an issue price of \$0.54 <i>(Current issue price)</i>	Funds raised based on an issue price of \$0.81 <i>(50% increase in current issue price)</i>
233,310,000 <i>(Current)</i>	23,331,000	\$6,299,370	\$12,598,740	\$18,898,110
349,965,000 <i>(50% increase)</i>	34,996,500	\$9,449,055	\$18,898,110	\$28,347,165
466,620,000 <i>(100% increase)</i>	46,662,000	\$12,598,740	\$25,197,480	\$37,796,220

*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 22 October 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the date of the AGM other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.

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6. This table does not set out any dilution pursuant to issues under ASX Listing Rule 7.1 or exceptions to that ASX Listing Rule.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. Based on its current issued securities, only Shares can be issued by Althea under the Additional 10% Placement Capacity.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the meeting; and
- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

Voting exclusion: In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities (except a benefit solely by reason of being a holder of Shares) or any associate of such a person. However, under the ASX Listing Rules, the Company need not disregard a vote in favour of Resolution 2 if:

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



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Item 4: Re-election of Director (Resolution 3)

Information on the candidate standing for re-election is set out below.

Name: Alan Boyd

Qualifications: BA (Econ), CA ANZ, GIA

Term: Non-executive Director since July 2018

Independent: Yes

Directorships: N/A

Experience: Alan is the Chief Financial Officer and Company Secretary of Ridley Corporation Limited, an ASX-listed provider of high-performance animal nutrition solutions. Prior to this role, Alan occupied the same position with listed biotechnology companies Avexa Limited and Zenyth Therapeutics Limited, website pioneer Sausage Software Limited, and unlisted public entity HRL Limited, where he later served as a non-executive director and Chair of the Audit Committee.

Alan started his professional career in chartered accounting firms in England and Australia and has broad financial experience across many industry sectors.

For these reasons, the Directors (excluding Mr Boyd) support the re-election of Mr Boyd as Director.

Board Recommendation

The non-executive directors (excluding Mr Boyd) unanimously recommend that you **vote in favour** of Resolution 3.

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Item 5: Approval of the Althea Group Holdings Limited Rights Plan (the Plan) (Resolution 4)

Resolution 4 seeks Shareholder approval for the Althea Group Holdings Limited Rights Plan (the Plan) in order to preserve the 15% limit on new issues that may be made during any 12-month period, without shareholder approval. If passed the approval will exclude from the calculation of the utilisation of the limit, any fully paid ordinary shares in Althea Group Holdings Limited (Shares) that are issued as the result of Rights (as defined in the Plan) that have been issued under the Plan being exercised, during the subsequent three (3) years (Listing Rule 7.2 exception 9).

Senior executive remuneration in Althea Group Holdings Limited (Althea or the Company) is determined by the non-executive members of the board of Althea (the Board), having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of the non-executive members of the Board that it is in the interests of shareholders for selected executives (the Participants) to receive part of their total remuneration package (TRP) in the form of at-risk securities that will vest based on performance against indicators that are linked to shareholder benefit (Vesting Conditions) during a defined Measurement Period.

The Plan is therefore designed to form a significant component of variable remuneration and to create alignment between shareholder benefit and the remuneration of Participants. If approved, grants under the Plan will facilitate Althea providing appropriate, competitive and performance-linked remuneration to the executives of the Company. The non-executive members of the Board seek to ensure that grants to executives are made at a level that will appropriately position their TRPs in the market, in accordance with the Company's remuneration policies. The Board regularly reviews market positioning, the elements and mix of remuneration for executives to ensure remuneration remains reasonable, within the range of market practices, and is appropriate to the circumstances of the Company.

Non-executive directors are not eligible to participate in the Plan.

As at the date of this Notice of Meeting, no Rights have been issued under the Plan.

A summary of the main features of the Plan is set out in the table below:

Aspect	Details
Instrument	<p>The Plan uses indeterminate Rights which are an entitlement to the value of a Share (less any Exercise Price) which may be satisfied either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that vested Rights will be satisfied in Shares.</p> <p>The Plan allows for three kinds of Rights which may be appropriate forms of remuneration under various circumstances, being;</p> <ul style="list-style-type: none"> • Performance Rights which vest when performance conditions have been satisfied and will be used for the purpose of granting long term variable remuneration to executives, • Service Rights which vest after the completion of a period of service and which may be used to help retain key employees, and • Restricted Rights which are vested at grant and may be used to defer earned remuneration from time to time should it become appropriate to do so.



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Aspect	Details
	It is currently anticipated that Performance Rights only would be used for the foreseeable future.
Terms & Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Performance and Service Rights that may be issued will be subject to Vesting Conditions and in the case of Performance Rights the conditions are intended to be challenging and linked to shareholder value creation. The terms and conditions of the Plan include those aspects legally required as well as terms addressing exceptional circumstances, such as in the circumstances of a change of control, a major return of capital to shareholders or the treatment of Rights on termination of employment.</p> <p>The Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Plan.</p>
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Plan.
Eligibility	<p>Eligible Persons selected by the Board will be invited to participate in the Plan. Eligible Persons includes full time and part-time employees, directors and contractors.</p> <p>Non-executive directors are not eligible so as to ensure their independence with regards to the oversight of the Plan.</p>
Term	Rights will have a default term of 15 years and if not exercised within the term the Rights will lapse. The Board may specify a lesser term as part of a specific Invitation.
Number of Rights	The number of Rights to be offered will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined annually with regard to the Participant's fixed pay, relevant market practices and the relevant policies of the Company regarding remuneration.
Measurement Period	The Measurement Period is the period over which vesting conditions are assessed and may be determined by the Board as part of each Invitation but will generally be three years for Performance Rights (starting from the beginning of the first financial year in the Measurement Period).
Vesting and Vesting Conditions	<p>Performance Rights will be the main form of Right that will be used and they will vest based on selected measures of Company performance and may include service conditions.</p> <p>Service Rights that vest based on service, and Restricted Rights that are fully vested at grant but which are subject to disposal restrictions may also be used from time to time if the Board deems it appropriate.</p> <p>Vesting Conditions are to be determined by the Board as part of each Invitation, however the conditions selected for Performance Rights are intended to create alignment with indicators of shareholder value creation over the Measurement Period. The initial Vesting Condition will be performance relative to an absolute total shareholder return vesting scale.</p>

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Aspect	Details
Cost of Rights and Exercise Price	<p>No amount is payable by Participants for Rights unless otherwise determined by the Board.</p> <p>No amount will be payable by Participants to exercise Rights unless otherwise determined by the Board and specified in an Invitation.</p> <p>The value of the Rights forms part of the remuneration of the Participants.</p>
Exercise of Vested Rights	<p>Vested Rights may be exercised at any time between the Vesting Date (or the latter elapsing of Exercise Restrictions if applicable) and the end of their Term, by the Participant submitting an Exercise Notice, otherwise they will lapse. The Exercised Rights Value will be determined and will be either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares, as determined by the Board. Generally, it is expected that vested Rights will be settled in Shares. Such Shares will often be Restricted Shares as they will be subject to disposal restrictions.</p> <p>In the case of Restricted Rights which are fully vested at grant, Exercise Restrictions apply for at least 90 days following grant.</p>
Gates	<p>The Board may attach gates to tranches of Performance Rights. A gate is a condition that, if not fulfilled, will result in nil vesting of a tranche irrespective of performance in relation to other vesting conditions.</p>
No Transfer of Rights	<p>Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law. Any attempt to breach this Rule will result in forfeiture of the Rights.</p>
Specified Disposal Restrictions	<p>Invitations may include disposal restrictions that apply for a specified period to Restricted Shares that may result from exercising Rights. The Board will decide whether to include such conditions and the period for which they will apply.</p>
Other Disposal Restrictions	<p>Shares acquired from the exercise of vested Rights will be subject to trading restrictions contained in:</p> <ul style="list-style-type: none"> a) The Company's share trading policy, and b) The insider trading provisions of the Corporations Act. <p>Shares resulting from the exercising of Rights that may not be traded due to the foregoing or because of Specified Disposal Restrictions will be Restricted Shares while they are so restricted. Althea will ensure that such restrictions are enforced due to the application of CHESS holding locks or alternatively by any trustee that may be appointed in connection with the Plan.</p>
Disposal/Exercise Restriction Release at Taxing Point	<p>In the event that a taxing point arises in relation to Restricted Rights or Shares and the Exercise Restrictions or Specified Disposal Restrictions have not elapsed then they will cease to apply to 50% of such Restricted Shares. This ensures that unreasonable tax outcomes are avoided.</p>
Retesting	<p>The Plan Rules do not allow retesting. Thus, the vesting achieved at the end of the Measurement Period may not be increased with subsequent performance improvement.</p>
Termination of Employment	<p>Generally, if termination of employment occurs within the first year of the Measurement Period some of the Performance Rights will be forfeited in the proportion that the remainder of the first year of the Measurement Period bears to a full year.</p>

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Aspect	Details
	<p>Remaining Performance Rights will then, in the discretion of the Board, either:</p> <ul style="list-style-type: none"> a) continue to be held for testing for vesting at the end of the Measurement Period, or b) be test for vesting at the time of the termination of employment. <p>Any Performance Rights that do not vest at the testing date will be forfeited. Exercise Restrictions will cease upon termination.</p> <p>Vested Performance Rights held after a termination of employment will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Rights.</p> <p>If Performance Rights are exercised after the termination of employment and the Share price is lower at the date of exercise than on the date of termination, then the Exercised Rights Value will be settled in cash.</p> <p>Service Rights will be dealt with as specified in Invitations and Restricted Rights will be automatically exercised on termination of employment.</p>
Delisting	<p>In the case that the Board determines that the Company will imminently be delisted:</p> <ul style="list-style-type: none"> a) unvested Performance Rights will be forfeited in the proportion that the first year of the Measurement Period had not elapsed at the time of the Effective Date in relation to the delisting, b) remaining unvested Performance Rights will vest in the proportion that the Share Price has grown since the beginning of the Measurement Period, and c) the Board in its discretion may vest some of any residual unvested Performance Rights. <p>Specified Disposal Restrictions and Exercise Restrictions will cease on the date determined by the Board.</p>
Change of Control Without Delisting	<p>In the event the Board determines that the Company will be subject to a change of control without delisting, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and:</p> <ul style="list-style-type: none"> • Unvested Performance Rights will vest in accordance with the following formula: $\text{Number of Performance Rights to Vest} = \frac{\text{Unvested Performance Rights}}{\text{Performance Rights}} \times \frac{\% \text{ of First Year of Measurement Period Elapsed}}{100} \times \frac{(\text{Share Price at the Effective Date} - \text{Share price at Measurement Period Commencement})}{\text{Share price at Measurement Period Commencement}}$ <ul style="list-style-type: none"> • Remaining Performance Rights may continue (possibly with revised vesting conditions), vest, or lapse as determined by the Board. • Service Rights will vest to the extent determined to be appropriate by the Board under the circumstances, and • Exercise Restrictions will cease to apply.
Major Return of Capital or Demerger	<p>In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Group due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board has discretion to vest,</p>

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Aspect	Details
	<p>lapse or adjust the terms of Rights such that Participants are neither advantaged nor disadvantaged by the event.</p> <p>Restricted Rights will cease to be subject to Exercise Restrictions and Specified Disposal Restrictions prior to the return of capital or demerger, on the date determined by the Board.</p>
Board Discretion and Preventing Inappropriate Benefits	<p>The Board has discretion to adjust the number of Rights that ultimately vest if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the Measurement Period and/or to the contribution of a Participants to outcomes over the Measurement Period.</p> <p>The Board has sole discretion to determine that some or all unvested Rights held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances would include joining a competitor or actions that harm the Company's stakeholders. In the case of fraud or misconduct, Participant will forfeit all unvested Rights.</p>
Bonus Issues, Rights Issues, Voting and Dividend Entitlements	<p>The number of Rights held by Participants will be proportionately adjusted to reflect bonus issues. Right holders will not participate in Shareholder rights issues but may, subject to the ASX Listing Rules, be offered options on similar terms to the rights issue.</p> <p>Rights do not carry voting or dividend entitlements. Shares issued when Rights vest carry all entitlements of Shares, including voting and dividend rights.</p>
Quotation	<p>Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.</p>
Issue or Acquisition of Shares	<p>Shares allocated to a Participant when Rights vest under the Plan may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.</p>
Cost and Administration	<p>The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Plan.</p>
Hedging	<p>The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by Participants.</p>

Board Recommendation

Given their potential interest in Resolution 4, the executive directors make no recommendation to shareholders with respect to this resolution. However, since non-executive directors are not eligible to participate in the Plan it is recommended by them that shareholders vote in favour of this resolution.

Voting exclusion: The Company will disregard any votes cast on Resolution 4 cast by any directors who are eligible to participate in the Plan, and any associates of those directors.

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Item 6: Approval of Retirement Benefits Under the Althea Group Holdings Limited Rights Plan for Mr Joshua Fegan (Resolution 5)

Mr. Joshua Fegan is a managerial and executive officer of the Company and under s200B of the Corporations Act his total retirement benefits are limited to the average of his annual base salary over his last three years of service unless shareholders approve a higher retirement benefit. Subject to approval of Resolution 5 it is proposed to grant Mr Joshua Fegan 595,828 Performance Rights under the Althea Group Holdings Limited Rights Plan (the **Plan**) divided into two equal tranches. An overview of the provisions of the Plan is set out in the explanatory material in relation to Resolution 4 seeking approval of the Plan.

Under the Rules of the Plan, the Board has discretion to determine that some or all of the Performance Rights in each tranche that do not lapse on cessation of employment may vest having regard to performance relative to the relevant performance vesting conditions attached to the tranche. Details of the performance vesting conditions are contained in the explanatory material in relation to Resolution 4.

If the Board exercises that discretion, then the vesting of the Performance Rights will have been triggered and accelerated by the cessation of employment, causing it to be treated as a retirement benefit for purposes of s200B of the Corporations Act. As each vested Performance Right is an entitlement to the market value of an ordinary share in the Company (**Share**), the value of the retirement benefit will be calculated by multiplying the number of Performance Rights that vest on cessation of employment by the market value of a Share at that time.

The approval being sought is for a retirement benefit limit equal to the average of the final three years of employment base salary plus the value of the Performance Rights that vest on cessation of employment for Mr Joshua Fegan.

Board Recommendation

The directors, excluding Mr Joshua Fegan, unanimously recommend that Shareholders vote **in favour** Resolution 5. Directors other than Mr Joshua Fegan do not have an interest in the outcome of the proposed resolution.

Voting exclusion: The Company will disregard any votes cast on Resolution 5 cast by any directors to whom this resolution relates, and any associates of those directors.

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Item 7: Approval for the Granting of FY19 and FY20 Performance Rights to a Director – Mr Joshua Fegan, Managing Director (Resolution 6)

ASX Listing Rule 10.14 requires Althea Group Holdings Limited (Althea, the Company) to obtain approval from shareholders of Althea (Shareholders) for the issue of securities to a director under an employee incentive scheme. The Company is seeking Shareholder approval for the proposed grant of FY19 and FY20 Performance Rights to Mr Joshua Fegan, Managing Director, as set out below. As at the date of the preparation of this resolution, Mr Joshua Fegan is the only person both subject to ASX Listing Rule 10.14 and entitled to participate in the Plan.

The Althea Group Holdings Limited Rights Plan (the **Plan**) has been designed to facilitate the Company moving towards best practice remuneration structures for executives. A key component of effective remuneration for executives is long term variable remuneration to drive shared performance objectives, link remuneration to Company performance and align their interests with sustainable value creation for Shareholders.

The features of the proposed FY19 and FY20 Invitation to apply for Performance Rights that is the subject of this resolution are summarised below:

Aspect	Details
Instrument	If this resolution is approved, Mr Joshua Fegan will be invited to apply for Performance Rights. These are Rights that vest when performance-based Vesting Conditions are satisfied. Performance Rights are indeterminate Rights which represent an entitlement following vesting to the value of a Share (less any Exercise Price) which may be satisfied either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that vested Rights will be satisfied in Shares/Restricted Shares. No amount is payable by Mr Joshua Fegan for the Performance Rights or to exercise them as their value forms part of his total remuneration package. The value that may be realised is a function of performance against Vesting Conditions and the market value of a Share at the time of sale of any Shares that result from exercising Rights. There will be no loans associated with the issue of any Performance Rights. The Performance Rights will be granted within one month of the AGM being held.
Terms & Conditions, Variation of Terms and Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Performance Rights that may be issued will be subject to Vesting Conditions that are intended to be challenging and linked to shareholder value creation. The terms and conditions of the Plan include those aspects legally required as well as terms addressing exceptional circumstances, such as in the circumstances of a change of control, a major return of capital to shareholders or the treatment of Rights on termination of employment.</p> <p>The Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Plan. To the extent permitted by the Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Plan.</p>
Term	Performance Rights that are the subject of this resolution will have a term of 15 years and if not exercised within the Term the Rights will lapse.



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Aspect	Details																					
Number of Performance Rights	<p>It is proposed that the Managing Director will be invited to apply for two Tranches of Performance Rights:</p> <ul style="list-style-type: none"> • Tranche 1 – (297,914) which is making good a commitment to commence long term variable remuneration in FY19, that was unable to be commenced due to the plan being developed, and • Tranche 2 – (297,914) which is part of a market competitive total remuneration package for FY20. <p>The number of Performance Rights in Tranche 2 was calculated using a market share price of \$0.8056 being the volume weighted average price at which Shares were traded on the ASX over a 10-day period post the annual results being released.</p> <p>Tranche 1 is of an equal number of Performance Rights to the number in Tranche 2.</p> <p>As 100% of Rights to be granted will only vest when stretch performance goals are achieved and it is expected that a lesser percentage will actually vest unless exceptional performance outcomes occur. The Target and expectation is 50% vesting.</p>																					
Measurement Periods	<p>The Measurement Period for Tranche 1 will be the two financial years from 1 July 2019 to 30 June 2021. This is a 2-year Measurement Period being offered as a one-off to recognise that it should have been granted in FY19.</p> <p>The Measurement Period for Tranche 2 will be the three financial years from 1 July 2019 to 30 June 2022.</p>																					
Vesting Conditions	<p>The performance metric for both Tranches is absolute total shareholder return (ATSR). TSR is the sum of Share price appreciation and dividends (assumed to be reinvested in Shares) during the Measurement Period. It is annualised for the purposes of the vesting scale. CAGR is Compound Annual Growth Rate.</p> <p>Each Tranche has a different Measurement Period over which to calculate the Company's TSR on a CAGR basis.</p> <p>The vesting of each Tranche of Performance Rights will be determined by reference to the following scale, in relation to the relevant Measurement Period:</p> <table border="1" data-bbox="486 1563 1457 1865"> <thead> <tr> <th>Performance Level</th> <th>Absolute TSR (CAGR) Over Performance Measurement Period</th> <th>Vesting % of Tranche</th> </tr> </thead> <tbody> <tr> <td>Stretch</td> <td>≥ 25%</td> <td>100%</td> </tr> <tr> <td>Between Target & Stretch</td> <td>> 15% & < 25%</td> <td>Pro-rata</td> </tr> <tr> <td>Target</td> <td>15%</td> <td>50%</td> </tr> <tr> <td>Between Threshold & Target</td> <td>> 10% & < 15%</td> <td>Pro-rata</td> </tr> <tr> <td>Threshold</td> <td>10%</td> <td>25%</td> </tr> <tr> <td>Below Threshold</td> <td>< 10%</td> <td>0%</td> </tr> </tbody> </table> <p>Note: 10% CAGR is approximately the average TSR CAGR achieved by ASX listed companies over the long term. 10% CAGR over 3 years = 33% growth, 15% CAGR over 3 years = 52% growth, and 25% CAGR over 3 years = 95% growth.</p> <p>It should be noted that vesting above the Target outcome is not likely, nor should it be expected. The Board retains discretion to modify vesting outcomes, if it deems it appropriate to do so, refer to Plan Rules.</p>	Performance Level	Absolute TSR (CAGR) Over Performance Measurement Period	Vesting % of Tranche	Stretch	≥ 25%	100%	Between Target & Stretch	> 15% & < 25%	Pro-rata	Target	15%	50%	Between Threshold & Target	> 10% & < 15%	Pro-rata	Threshold	10%	25%	Below Threshold	< 10%	0%
Performance Level	Absolute TSR (CAGR) Over Performance Measurement Period	Vesting % of Tranche																				
Stretch	≥ 25%	100%																				
Between Target & Stretch	> 15% & < 25%	Pro-rata																				
Target	15%	50%																				
Between Threshold & Target	> 10% & < 15%	Pro-rata																				
Threshold	10%	25%																				
Below Threshold	< 10%	0%																				

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Aspect	Details
Gates	There is no separate gate for these tranches of Performance Rights as the ATSR vesting scale has an inbuilt gate of the Company's TSR needing to at least achieve the threshold positive TSR level.
Cost of Rights and Exercise Price	<p>No amount is payable by Mr Joshua Fegan for Rights. The value of the Rights forms part of the remuneration of the Mr Joshua Fegan.</p> <p>No amount will be payable by Mr Joshua Fegan to exercise Rights i.e. the Exercise Price is nil.</p>
Exercise of Performance Rights	Mr Joshua Fegan may exercise vested Rights at any time between the Vesting Date and the end of the Term. The value of Rights that are exercised will be evaluated based on the then Share price (the Exercise Price is nil) and may be paid in Shares (including Restricted Shares), cash or a combination of cash and Shares as determined by the Board. No Exercise Restrictions apply.
Disposal Restrictions	<p>Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.</p> <p>Shares acquired from the exercise of vested Rights will be subject to trading restrictions contained in:</p> <ul style="list-style-type: none"> a) The Company's share trading policy, and b) The insider trading provisions of the Corporations Act. <p>Shares resulting from the exercising of Rights that may not be traded due to the foregoing or because of Specified Disposal Restrictions will be Restricted Shares while they are so restricted. Althea will ensure that such restrictions are enforced due to the presence of CHES holding locks or alternatively by any trustee that may appointed in connection with the Plan.</p> <p>No Specified Disposal Restriction applies to the proposed Rights.</p>
Disposal Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Rights or Shares and the Exercise Restrictions or Specified Disposal Restrictions have not elapsed then they will cease to apply to 50% of such Restricted Shares. This ensures that unreasonably tax outcomes are avoided.
Retesting	The Plan Rules do not allow retesting. Thus, the vesting achieved at the end of the Measurement Period may not be increased with subsequent performance improvement.
Termination of Employment	<p>If termination of employment occurs during the Measurement Period for Tranche 1, then Performance Rights will, in the discretion of the Board, either:</p> <ul style="list-style-type: none"> a) continue to be held for testing for vesting at the end of the Measurement Period, or b) be tested for vesting at the time of the termination of employment. <p>No period of service testing applies to Tranche 1.</p> <p>If termination of employment occurs within the first year of the Measurement Period for Tranche 2 then some of the Performance Rights will be forfeited in the proportion that the remainder of the first year of the Measurement Period bears to a full year.</p>

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Aspect	Details
	<p>Remaining Performance Rights will then, in the discretion of the Board, either:</p> <ul style="list-style-type: none"> a) continue to be held for testing for vesting at the end of the Measurement Period, or b) be tested for vesting at the time of the termination of employment. <p>Any Performance Rights that do not vest at the testing date will be forfeited.</p> <p>Vested Performance Rights held after a termination of employment will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Rights.</p> <p>If Performance Rights are exercised after the termination of employment and the Share price is lower at the date of exercise than on the date of termination, then the Exercised Rights Value will be settled in cash.</p> <p>Service Rights will be dealt with as specified in Invitations and Restricted Rights will be automatically exercised on termination of employment.</p>
Delisting	<p>In the case that the Board determines that the Company will imminently be delisted,</p> <ul style="list-style-type: none"> a) unvested Performance Rights will be forfeited in the proportion that the first year of the Measurement Period had not elapsed at the time of the Effective Date in relation to the delisting, b) remaining unvested Performance Rights will vest in the proportion that the Share Price has grown since the beginning of the Measurement Period, and c) the Board in its discretion may vest some of any residual unvested Performance Rights. <p>Specified Disposal Restrictions and Exercise Restrictions will cease on the date determined by the Board.</p>
Change of Control Without Delisting	<p>In the event the Board determines that the Company will be subject to a change of control without delisting, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and:</p> <ul style="list-style-type: none"> • Unvested Performance Rights will vest in accordance with the following formula: $\text{Number of Performance Rights to Vest} = \frac{\text{Unvested Performance Rights}}{\text{Rights}} \times \frac{\% \text{ of First Year of Measurement Period Elapsed}}{100} \times \frac{(\text{Share Price at the Effective Date} - \text{Share price at Measurement Period Commencement})}{\text{Share price at Measurement Period Commencement}}$ <ul style="list-style-type: none"> • Remaining Performance Rights may continue (possibly with revised vesting conditions), vest, or lapse as determined by the Board. <p>Exercise Restrictions will cease to apply.</p>
Major Return of Capital or Demerger	<p>In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Group due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board has discretion to vest, lapse or adjust the terms of Rights such that Participants are neither advantaged nor disadvantaged by the event.</p>

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Aspect	Details
Board Discretion and Preventing Inappropriate Benefits	<p>The Board has discretion to adjust the number of Rights that ultimately vest if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the Measurement Period and/or to the contribution of the Participant to outcomes over the Measurement Period.</p> <p>The Board has sole discretion to determine that some or all unvested Rights held by Mr Joshua Fegan lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to Mr Joshua Fegan. Such circumstances would include joining a competitor or actions that harm the Company's stakeholders. In the case of fraud or misconduct, Mr Joshua Fegan will forfeit all unvested Rights.</p>
Bonus Issues, Rights Issues, Voting and Dividend Entitlements	<p>The number of Rights held by Mr Joshua Fegan will be proportionately adjusted to reflect bonus issues. Right holders will not participate in Shareholder rights issues but may, subject to the ASX Listing Rules, be offered options on similar terms to the rights issue.</p> <p>Rights do not carry voting or dividend entitlements. Shares issued when Rights vest carry all entitlements of Shares, including voting and dividend rights.</p>
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.
Issue or Acquisition of Shares	Shares allocated to a Mr Joshua Fegan when Rights vest under the Plan may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Plan.
Hedging	The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by Mr Joshua Fegan.

The maximum number of Rights to be granted to all persons subject to Shareholder approval is 595,828 if the FY19 and FY20 grant of 595,828 is made to Mr Joshua Fegan following Shareholder approval. No prior grants have been made under the Plan as at the date of this resolution being put to shareholders.

Executive remuneration is determined by the non-executive members of the Board, having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of non-executive members of the Board that it is in the interests of Shareholders for selected executives (the Mr Joshua Fegan) to receive part of their total remuneration package (TRP) in the form of variable remuneration that is based on equity, and that will vest based on performance against indicators that are linked to Shareholder value creation (Vesting Conditions) during a defined Measurement Period. This is also considered best practice with regards to evident market practices. It should therefore be considered appropriate to provide equity-based remuneration to executive directors of the Company instead of an equivalent in cash only.

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Board Recommendation

The directors, excluding Mr Joshua Fegan, unanimously recommend that Shareholders vote **in favour** of Resolution 6. Directors other than Mr Joshua Fegan do not have an interest in the outcome of the proposed resolution.

Voting exclusion: The Company will disregard any votes cast on Resolution 6 cast by any directors to whom this resolution relates, and any associates of those directors.

GLOSSARY

In the Notice of Meeting and accompanying Proxy Form, the following terms have the following meanings, unless the context requires otherwise:

AGM or meeting means the Annual General Meeting of the Shareholders of the Company to be held on Wednesday, 27 November 2019 at 2.00pm (AEDT) convened by way of the Notice of Meeting.

Althea or Company means Althea Group Holdings Limited ACN 626 966 943.

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

ASX Listing Rules means the listing rules of ASX (as amended or waived from time to time).

Board means the board of directors of the Company.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Eligible Entity means an entity that, at the date of the relevant special resolution:

- (1) is not included in the S&P/ASX 300 Index; and
- (2) has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300,000,000.

Equity Securities has the meaning given in the ASX Listing Rules and includes a share, an option over an issued or unissued security, a right to a share or option, a convertible security

and any security that ASX decides to classify as an Equity Security.

Notice of Meeting means the Notice of Annual General Meeting of the Shareholders of the Company dated 30 October 2019.

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

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 person or entity entered in the Company's register of members from time to time as the holder of Shares.

VWAP means the volume weighted average market price (as defined in the ASX Listing Rules) for Shares




AGH

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Need assistance?

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

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2.00pm (AEDT)** Monday, 25 November 2019.

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

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

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

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

By Mail:

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

By Fax:

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



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

MR SAM SAMPLE
FLAT 123
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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Althea Group Holdings Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Althea Group Holdings Limited to be held at DLA Piper Australia, Level 21, 140 William Street Melbourne, Victoria 3000 on Wednesday, 27 November 2019 at 2.00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5 and 6 by marking the appropriate box in step 2.

Step 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Alan Boyd as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the Althea Group Holdings Limited Rights Plan (the Plan)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Retirement Benefit for Mr Joshua Fegan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for the Granting of FY19 and FY20 Performance Rights to a Director - Mr Joshua Fegan, Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

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

AGH

2 5 7 4 9 9 A



Computershare

