



Notice of Annual General Meeting 2016

23rd November, 2016 at 2.00pm

To be held at:
BioSA Incubator Conference Centre
40-46 West Thebarton Road
Thebarton SA 5031

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Ellex Medical Lasers Limited (the Company) will be held at BioSA Incubator Conference Centre, 40-46 West Thebarton Road, Thebarton, South Australia, at 2:00 pm (Adelaide time) on Wednesday 23 November 2016 for the purpose of transacting the following business.

Ordinary Business

1. Accounts & Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2016 and the related Directors' Reports, Directors' Declarations and Auditor's Report.

The electronic copy of the 2016 Annual Report is available to download or view on the company website at the following address:

www.ellex.com/company/investors/annual-reports

The 2016 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

Resolution 2 – Re-election of Director

To consider and if thought fit, pass the following Ordinary Resolution:

“To re-elect Rahmon Coupe as a director. Rahmon Coupe retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re- election.”

Resolution 3 – Ratification of Prior Share Issue Placement for Purpose of Listing Rule 7.4: Reset of 15% Threshold

To consider and if thought fit, pass the following Ordinary Resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes. Shareholders ratify the allotment and issue of 6,500,000 shares on the terms described in the Explanatory Memorandum accompanying this Notice.”

Resolution 4 – Adoption of Remuneration Report

To consider and if thought fit, pass the following Ordinary Resolution:

“To adopt the Remuneration Report as set out in the Directors' Report which forms part of the Annual Report for the year ended 30 June 2016”.

The resolution is advisory only and does not bind the Company or its directors. However, under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”), that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

If there is 25% or more votes “against” the Resolution at this year's AGM, the Company will receive a “first strike”.

The Board will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

Other Business

To deal with any other business that may be properly brought forward.

Shareholder Information

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote on a poll in the shareholder's place.
2. The appointment of two proxies should specify the percentage of voting rights or number of securities to be applied to each proxy and if not specified then each proxy may exercise half your votes with fractions disregarded. A single proxy exercises all voting rights.
3. Voting Exclusions for Resolution 3.
The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote cast on Resolution 3 if it is cast by:
 - (a) a person does as as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
 - (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction of the proxy form to vote as the proxy decides.
4. Voting Exclusions for Resolution 4.
In accordance with the Corporation Act, a vote must not be cast (in any capacity), and the Company will disregard any votes cast on Resolution 4 by any Key Management Personnel (which includes each of the Directors), the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 4 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to a resolution unless the shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the chair to exercise your proxy on Resolution 4 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair.

If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of voting on Resolution 4, a proxy who is not a member of the Company's Key Management Personnel. That person would be permitted to vote undirected proxies.

5. The Company has determined in accordance with Corporations Regulation 7.11.37, that for the purpose of voting at the meeting, shares will be taken to be held by those who hold them at 7:00pm (Adelaide time) on Monday 21 November 2016.

To record a valid vote, members will need to take the following steps:

Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or

Complete and lodge the Proxy Form (and the power of attorney or other authority, if any) under which it is signed, or a certified copy of it at:

- (a) the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- (b) the registered office of the Company located at 82 Gilbert Street, Adelaide SA 5000, or by facsimile on (08) 8104 5231
no later than 48 hours before the time for the holding of the meeting.

Custodian voting – for Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

By order of the Board
Maria Maieli
Company Secretary
Adelaide

Dated: 21 October 2016

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of Ellex Medical Lasers Limited (the Company) in connection with the business to be conducted at the Annual General Meeting to be held at 2:00pm (Adelaide time) on Wednesday 23 November 2016.

Financial Statements and Reports

The financial statements of the Company and its controlled entities for the year ended 30 June 2016 and the Directors' Report and Auditor's Report are set out in the Ellex Medical Lasers Limited Annual Report 2016.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders to approve these Reports.

This item is intended to provide an opportunity for shareholders to raise questions of the Reports and on the performance of the Company generally. In addition, a reasonable opportunity will be given to members of the meeting to ask the Company's Auditor 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 the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 2 – Re-election of Director

Rahmon Coupe

Rahmon Coupe is 53 years old and was appointed an Independent Director on 15 May 2013. Mr. Coupe is Chief Executive Officer and Director of YourAmigo Limited, an organic search engine solutions company. Mr. Coupe has more than 27 years' experience in the areas of corporate management, intellectual property management, contract negotiation, business development and

engineering and has worked across a diverse range of industries, including information technology and the internet, life sciences and public broadcasting.

Mr. Coupe has held various project and engineering management roles for government research-based organisations, including the Defence Science and Technology Organisation (DSTO).

Mr. Coupe holds an Honours Degree in Electrical and Electronic Engineering from the University of Adelaide and was awarded the Ernst & Young Entrepreneur of the Year in Technology and Emerging Industries for the Central Region of Australia in 2009.

Board Recommendation

The Board (excluding Rahmon Coupe because of his interest) unanimously recommends that shareholders vote in FAVOUR of the resolution to re-elect Rahmon Coupe as a Director.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 3 – Approval of Prior Share Issue

On 7 April 2016, the Company announced that it would issue 6.5 million fully paid ordinary shares to sophisticated investors, to raise \$5 million to support a range of initiatives related to the Company's investment in manufacturing expansion, sales, marketing, regulatory for iTrack and Asia growth and to provide working capital for the Company.

Under Listing Rule 7.1, a listed company may not issue shares if the shares issued, when aggregated with other shares issued over the previous 12 months and not subject to an exception to Listing Rule 7.1, exceed 15% of the issued capital of the Company, but the Board considers it prudent to have the flexibility to issue further shares over the next 12 months with no current plans to issue further shares.

Under Listing Rule 7.4, it is possible for shareholders to approve an issue of securities which has already taken place, for the purposes of excluding that number of securities from the calculation of the 15% threshold under Listing Rule 7.1. If shareholders approve this resolution when the shares issued pursuant to the placement will not be taken into account in calculating whether the 15% threshold is exceeded by issues in the 12 months following approval that are not otherwise exempt from Listing Rule 7.1.

Information required under Listing Rule 7.5

In compliance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 6,500,000 Shares were allotted;
- (b) the issue price was \$0.77 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to professional and sophisticated investor clients of Taylor Collison Limited and Petra Capital;
- (e) the sophisticated and professional investors, are unrelated parties; and
- (f) the Company intends to use the funds raised from this issue to:
 - i. provide working capital to support expected sales growth in lasers, ultrasound and iTrack.
 - ii. establish a new manufacturing facility at Mawson Lakes, South Australia to expand production capability.
 - iii. to invest in sales, marketing and regulatory for lasers, ultrasound and iTrack.
 - iv. develop new products.

Board Recommendation

The Board unanimously recommends that shareholders vote in FAVOUR of this resolution.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 4 – Remuneration Report

The Directors' Report, which forms part of the Annual Report for the year ended 30 June 2016, outlines the remuneration arrangements in place for Key Management Personnel (KMP) of the Company.

The Corporations Act 2001 requires that a resolution be put to shareholders each year to adopt the Remuneration Report. The vote on this resolution is advisory only and does not bind the directors or the Company, but the outcome could have consequences for the Board and the Company.

In 2011 new laws on executive remuneration were introduced, including the "two strike Rule". Under the two strike rule, if more than 25% of the votes cast on the resolution to adopt the Remuneration Report are "against" the resolution, the Company receives a "first strike". If this happens at the subsequent AGM, it will result in a "second strike".

The voting exclusion statement for this resolution is set out on Page 3 of this Notice of Meeting.

Board Recommendation

The Board unanimously recommends that shareholders vote in FAVOUR of this resolution.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Glossary

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

Board means the board of directors of the Company;

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

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- a company the member controls; or
- a person prescribed as such by the Corporations Regulations 2001 (Cth);

Company means Ellex Medical Lasers Limited ACN 007 702 927;

Constitution means the existing constitution of the Company;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached.

How to get to the AGM

Location

BioSA Incubator Conference Centre

40-46 West Thebarton Road,
Thebarton, South Australia
Telephone: +61 8 8152 9318

By Bus

Bus - 287 and 288 leave from North Terrace. Alight at bus stop 5B on West Thebarton Road.

By Tram

Tram - The Bonython Park tram stop is approximately 1km from the conference centre (10 minutes walk).

By Taxi

Taxi – Adelaide Independent Taxis
Telephone: 13 22 11

By Car

Car - Parking details below:



