
CYNATA THERAPEUTICS LIMITED

ACN 104 037 372

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30 am (AEDT)

DATE: 18 November 2014

PLACE: Giorgios Restaurant Function Room, 1235 High Street (Cnr High Street and Glenferrie Roads), Armadale, Victoria 3143

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 3860

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (AEDT) on Tuesday, 18 November 2014 at Giorgios Restaurant Function Room, 1235 High Street (Cnr High Street and Glenferrie Roads), Armadale, Victoria 3143.

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10.30 am (AEDT) on Sunday, 16 November 2014.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

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

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014.”

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

Voting Prohibition Statement:

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

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

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER WEBSE

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

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Peter Webse, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF EMPLOYEE OPTIONS

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 200,000 Employee Options (each exercisable at \$0.40 on or before 30 November 2015) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of the Employee Options, and an associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ADVISER OPTIONS

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

“That, for the purpose of clause ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Adviser Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of the Adviser Options, and an associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

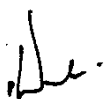
To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

DATED: 16 OCTOBER 2014

BY ORDER OF THE BOARD



Peter Webse
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Meeting will include the receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014, including the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cynata.com or by contacting the Company on (08) 9481 3860.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (other than the managing director) who were in office at the date of approval of the applicable director's report (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

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

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way

the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER WEBSE

Clause 13.2 of the Constitution provides that at the Company's annual general every year, one-third of the Directors for the time being, or if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

In determining the number of Directors to retire, no account is to be taken of:

- (a) a Director who only holds office until the next annual general meeting pursuant to clause 13.4; and/or
- (b) a Managing Director,

each of whom are exempt from retirement by rotation.

Mr Peter Webse, the Director equally longest in office since his last election, retires by rotation at this Meeting and, being eligible, seeks re-election.

Mr Peter Webse, B.Bus, FGIA, FCIS, FCPA, MAICD joined the Board in May 2012 in a non-executive capacity and was also appointed as Company Secretary in April 2012. Mr Peter Webse has over 23 years' experience and is the managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse is also a non-executive director of Sun Biomedical Limited and a former non-executive director of Blina Minerals NL.

The Board unanimously supports the re-election of Mr Peter Webse.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF EMPLOYEE OPTIONS

4.1 General

On 29 May 2014, the Company issued 200,000 Employee Options, each exercisable at \$0.40 on or before 30 November 2015, to Mrs Tamara Kelly a nominee of an employee of the Company, Dr Killian Kelly.

The Employee Options were issued within the Company's 15% annual limit permitted by ASX Listing Rule 7.1 without the need for Shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 of the issue of those 200,000 Employee Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 during the next 12 months, without the requirement to obtain prior Shareholder approval.

Resolution 3 is an ordinary resolution.

4.2 Information Required by ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 200,000 Employee Options were issued to Mrs Tamara Kelly a nominee of an employee of the Company, Dr Killian Kelly;
- (b) the Employee Options were issued for nil consideration and accordingly, no funds were raised from the issue of the Employee Options;
- (c) the Employee Options are each exercisable at \$0.40 after the vesting date of 29 May 2015 and on or before 30 November 2015 and otherwise have the terms and conditions in Schedule 1;
- (d) a voting exclusion statement is included in the Notice.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ADVISER OPTIONS

5.1 General

On 29 May 2014 and 11 September 2014, the Company issued a total of 1,000,000 Adviser Options, each exercisable at \$0.40 on or before 30 November 2015, to Mrs Sarah Cameron, a nominee of Mr James Cameron in consideration for corporate advisory services provided by Mr James Cameron to the Company.

The Adviser Options were issued within the Company's 15% annual limit permitted by ASX Listing Rule 7.1 without the need for Shareholder approval. A summary of ASX Listing Rule 7.1 is provided in Section 4.1

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 of the issue of those 1,000,000 Adviser Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 during the next 12 months, without the requirement to obtain prior Shareholder approval.

Resolution 4 is an ordinary resolution.

5.2 Information Required by ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 1,000,000 Adviser Options were issued to Mrs Sarah Cameron a nominee of Mr James Cameron;
- (b) the Adviser Options were issued in consideration for corporate advisory services provided by Mr James Cameron and accordingly, no funds were raised from the issue of the Adviser Options;
- (c) the Adviser Options are each exercisable at \$0.40 after the vesting date of 1 December 2014 and on or before 30 November 2015 and otherwise have the terms and conditions in Schedule 2;
- (d) a voting exclusion statement is included in the Notice.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may, seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 6.2 below).

The effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

6.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and at 2 October 2014 has a current market capitalisation of less than \$300,000,000.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of quoted Equity Securities, being Shares (ASX Code: CYP) and quoted Options (ASX Code CYPO) in addition to three classes of unlisted Options.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated as at the date of issue of the Equity Securities according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.

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

D is 10%.

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

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX Trading Days of the date in paragraph 6.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

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

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

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Table 1

| Number of Shares on Issue | Issue Price (per Share) | Dilution | | |
|--|---|--|-------------------------------------|---|
| | | \$0.1675 50% decrease in Issue Price | \$0.335 Issue Price (current) | \$0.5025 100% increase in Issue Price |
| 54,972,903 (current Variable A) | Shares issued - 10% voting dilution | 5,497,290 | 5,497,290 | 5,497,290 |
| | Funds raised | \$920,796 | \$1,841,592 | \$2,726,388 |
| 82,459,354 (50% increase in Variable A) | Shares issued - 10% voting dilution | 8,245,935 | 8,245,935 | 8,245,935 |
| | Funds raised | \$1,381,194 | \$2,762,388 | \$4,143,582 |
| 109,945,806 (100% increase in Variable A) | Shares issued - 10% voting dilution | 10,994,580 | 10,994,580 | 10,994,580 |
| | Funds raised | \$1,841,592 | \$3,683,184 | \$5,524,776 |

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

The table above uses the following assumptions:

1. In respect of **Table 1**:
 - (a) there are currently 54,972,903 Shares on issue; and
 - (b) the issue price set out above is the closing price of the Shares on the ASX on 1 October 2014.
2. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
3. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
4. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
5. 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%.
6. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

Shareholders should note that there is a risk that:

- (i) 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
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for expanding or accelerating the Company's existing business activities (including expenses associated with further tests in relation to the Company's existing projects), pursuing other acquisitions that have a strategic fit or will otherwise add value to shareholders (including expenses associated with such acquisitions) and general working capital; or
- (ii) as non-cash consideration for acquisition of new assets, technology and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

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

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the Company's financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets, technology or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new, assets, technology or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2013 Annual General Meeting. The Company has not issued any Equity Securities pursuant to that Listing Rule 7.1A approval. During the 12 month period preceding 18 November 2014, being the date of the Meeting, the Company otherwise issued a total of 66,201 Shares and 1,200,000 Options. As the Shares issued arose from the exercise of Options, the net amount of 1,200,000 Equity Securities issued represents approximately 1.68% of the total diluted number of Equity Securities on issue in the Company on 18 November 2013, being 71,596,403.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 18 November 2014 is as follows:

| Date of Appendix 3B | Number of Equity Securities | Class of Equity Securities and summary of terms | Names of recipients or basis on which recipients determined | Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue | If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration |
|---------------------|-----------------------------|---|---|--|--|
| 26/09/2014 | 10,000 Shares | Note 2 | Option holder who exercised listed Options | \$0.20 exercise price being a 48.72% discount to the Market Price on 25/09/2014 | \$2,000. The funds raised were used for working capital purposes. |
| 11/09/2014 | 400,000 Options | Note 3 | Mrs Sarah Cameron, Mr James Cameron's nominee | \$0.40 exercise price being a 11.11% discount to the Market Price on 10/09/2014 | Issued for the provision of corporate advisory services. |
| 09/09/2014 | 3,750 Shares | Note 2 | Option holder who exercised listed Options | \$0.20 exercise price being a 55.06% discount to the Market Price on 08/09/2014 | \$750. The funds raised were used for working capital purposes. |
| 29/05/2014 | 600,000 Options | Note 3 | Mrs Sarah Cameron, Mr James Cameron's nominee | \$0.40 exercise price being a 12.68% premium to the Market Price on 28/05/2014 | Issued for the provision of corporate advisory services. |
| 29/05/2014 | 200,000 Options | Note 4 | Mrs Tamara Kelly, Dr Kilian Kelly's nominee | \$0.40 exercise price being a 12.68% premium to the Market Price on 28/05/2014 | Issued as performance related incentive component of Dr Kelly's remuneration. |
| 21/01/2014 | 50,000 Shares | Note 2 | Option holder who exercised listed Options | \$0.20 exercise price being a 56.04% discount to the Market Price on 20/01/2014 | \$10,000. The funds raised were used for working capital purposes. |
| 17/12/2013 | 2,451 Shares | Note 2 | Option holder who exercised listed Options | \$0.20 exercise price being a 55.56% discount to the Market Price on 16/12/2013 | \$490.20. The funds raised were used for working capital purposes. |
| 22/11/2013 | 12,500,000 Shares | Note 2 | Pursuant to Prospectus dated 14 October 2014 | \$0.40 issue price at no discount to the re-listing price | \$5,000,000. The funds raised were used for the purposes set out in the Prospectus dated 14 October 2014. |
| 22/11/2014 | 10,000,001 | Note 2 | Issued to the vendors of Cynata Inc as approved by Shareholders on 29 (October 2014). | \$0.40 deemed issue price at no discount to the re-listing price | Issued in consideration for the acquisition of the Shares in Cynata Inc that the Company did not already own. The current value of the consideration is \$3,350,000 based on an issue price of \$0.335 (being the closing price of the Shares on the ASX on 1 October 2014). |

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: CYP (terms are set out in the Constitution).

3. Unlisted Options issued to the corporate adviser's nominee with an exercise of \$0.40 and with an expiry date of 30 November 2015. The unlisted Options vest on 1 December 2014.
4. Unlisted Options issued to the employees nominee with an exercise of \$0.40 and with an expiry date of the earlier of 30 November 2015 or the employee ceasing to be employed by the Company because of termination, voluntary cessation or by mutual agreement, unless the Board resolves otherwise. The unlisted Options vest on 29 May 2015.

The Company's cash balance on 18 November 2013 was approximately \$6,519,000. Cash raised from issues in the previous 12 months totals \$5,013,240. The Company's cash balance at the date of this Notice is approximately \$4,771,000. Funds raised have been used for general working capital purposes. The remaining funds of \$4,771,000 are intended to be used in accordance with the expenditure program outline in the prospectus dated 14 October 2013.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

(h) **Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

7. ENQUIRIES

Shareholders may contact Mr Peter Webse on (+ 61 8) 9481 3860 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars unless otherwise specified.

10% Placement Capacity has the meaning given in Section 6.1 of this Notice.

Adviser Option means an Option exercisable at \$0.40 on or before 30 November 2015 and otherwise with the terms and conditions in Schedule 2.

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

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 318 of the Income Tax Assessment Act 1936.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Auditor's Report means the auditor's report on the Company's annual financial report for the year ended 30 June 2014.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company means Cynata Therapeutics Limited (ACN 104 037 372).

Constitution means the Company's constitution.

Directors means the current directors of the Company.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Eligible Entity means an entity that, at the date of the Meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Employee means a person who is a full-time or permanent part-time employee or officer or director or company secretary of the Company or a related body corporate, or such other person as the Board determines.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General meeting including the Explanatory Statement, the Schedule and the Proxy Form.

Option means an option to acquire a Share in the Company.

ordinary securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement unless otherwise specified.

Security holder means a holder of one or more Securities.

Securities means all Equity Securities of the Company, including a Share and an Option.

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in Section 6.2 of this Notice.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS & CONDITIONS OF EMPLOYEE OPTIONS

1. Entitlement
The Options entitle the holder to subscribe for one Share upon the exercise of each Option.
2. Exercise price
The exercise price of each Option is \$0.40.
3. Expiry date
The expiry date of each Option is the earlier of:
 - (a) 30 November 2015; or
 - (b) the date Dr Kilian Kelly ceases to be employed by the Company because of termination, voluntary cessation or by mutual agreement, unless the Board resolves otherwise.
4. Exercise period and vesting dates
The Options issued to a holder vest on 29 May 2015 (**Vesting Date**).
The Options are exercisable at any time after the Vesting Date and on or prior to the Expiry Date.
5. Notice of exercise
The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
6. Shares issued on exercise
Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.
7. Options not quoted
The Company will not apply to ASX for quotation of the Options.
8. Quotation of Shares on exercise
Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
9. Timing of issue of Shares
After an Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:
 - (a) issue the Share;
 - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (c) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option.
10. Participation in new issues
There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
11. Adjustment for bonus issues of Shares
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
12. Adjustment for rights issue
If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.
13. Adjustments for reorganisation
If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
14. Options not transferable
The Options are not transferable, except with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.
15. Lodgment instructions
Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

SCHEDULE 2 – TERMS & CONDITIONS OF ADVISER OPTIONS

1. Entitlement
The Options entitle the holder to subscribe for one Share upon the exercise of each Option.
2. Exercise price
The exercise price of each Option is \$0.40.
3. Expiry date
The expiry date of each Option is 30 November 2015.
4. Exercise period and vesting dates
The Options issued to a holder vest on 1 December 2014 (**Vesting Date**).
The Options are exercisable at any time after the Vesting Date and on or prior to the Expiry Date.
5. Notice of exercise
The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
6. Shares issued on exercise
Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.
7. Options not quoted
The Company will not apply to ASX for quotation of the Options.
8. Quotation of Shares on exercise
Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
9. Timing of issue of Shares
After an Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:
 - (a) issue the Share;
 - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (c) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option.
10. Participation in new issues
There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
11. Adjustment for bonus issues of Shares
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
12. Adjustment for rights issue
If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.
13. Adjustments for reorganisation
If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
14. Options not transferable
The Options are not transferable, except with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.
15. Lodgment instructions
Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

APPOINTMENT OF PROXY FORM

CYNATA THERAPEUTICS LIMITED
ACN 104 037 372

ANNUAL GENERAL MEETING

I/We

Insert name

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name of proxy:

Insert proxy's name

Address of proxy:

Insert proxy's address

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at Giorgios Restaurant Function Room, 1235 High Street (Cnr High Street and Glenferrie Roads), Armadale, Victoria 3143 at 10.30 am (AEDT) on Tuesday, 18 November 2014, and at any adjournment thereof.

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

| Voting on business of the Meeting | | FOR | AGAINST | ABSTAIN |
|-----------------------------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Director – Mr Peter Webse | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Ratification of Prior Issue of Employee Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Ratification of Prior Issue of Adviser Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval of 10% Placement Capacity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

Important for Resolutions 1 and 3

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 3. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1 and 3, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 3 even if Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____%

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked, the proxy may vote as they choose, subject to the relevant laws. Where more than one box is marked on an item, the vote will be invalid on that item.
3. **(Signing instructions):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) By hand to Cynata Therapeutics Limited, Suite 1, 1233 High Street Armadale, Victoria 3143; or
 - (b) post to Cynata Therapeutics Limited, PO Box 271, West Perth. Western Australia 6872; or
 - (c) facsimile to the Company on facsimile number +61 3 9822 7735.so that it is received no later than 10.30 am (AEDT) on Sunday, 16 November 2014.
Proxy Forms received later than this time will be invalid.