
CYNATA THERAPEUTICS LIMITED

ACN 104 037 372

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053, on 17 November 2017 at 9.30 am (AEDT)

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6377 8043.

CYNATA THERAPEUTICS LIMITED

ACN 104 037 372

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Cynata Therapeutics Limited (**Company**) will be held at the the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053 on 17 November 2017 at 9.30 am (AEDT) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 15 November 2017 at 7.00 pm (AEDT).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 14.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' 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 an ordinary resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

2. Resolution 2 – Re-election of Dr John Chiplin as a Director

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

"That, Dr John Chiplin, who retires in accordance with clause 13.2 of the Constitution, being eligible and offering himself for re-election, is re-elected as a Director."

3. Resolution 3 – Ratification of prior issue of Shares to FUJIFILM

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

"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 8,088,403 Shares to FUJIFILM Corporation of Japan, each at an issue price of \$0.49113 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by FUJIFILM Corporation of Japan and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) 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 Placement Shares

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

"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 9,230,770 Shares each at an issue price of \$0.65 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Placement Participants and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) 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 Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities 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 in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a 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 this Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

6. Resolution 6 – Authority to Grant Director Options to Dr Paul Wotton

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

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, Shareholders authorise the grant of up to 2,000,000 Director Options to Dr Paul Wotton (or his nominees) on the terms and conditions in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Paul Wotton and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

7. Resolution 7 – Approval of Proportional Takeover Provisions

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

"That the proportional takeover provisions in the form of clause 35 of the Constitution (as last approved by Shareholders) be included in the Constitution for a period of three years commencing from the date of this Meeting."

Dated 26 September 2017
BY ORDER OF THE BOARD



Mr Peter Webse
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053 on 17 November 2017 at 9.30 am (AEDT).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A proxy form is enclosed with the Notice of Meeting and this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1 and 6 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1 and 6.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 1 and 6 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.cynata.com or by contacting the Company Secretary on +61 8 6377 8043.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that this Resolution is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass this Resolution will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, under sections 250U and 250Y of the Corporations Act, Shareholders have the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another

meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's 2016 Annual General Meeting the remuneration report was approved by over 75% of Shareholders present and voting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 – Re-election of Dr John Chiplin as a Director

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in 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 Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Dr John Chiplin, the Director longest in office since his last election, retires by rotation at this Meeting and, being eligible, seeks re-election.

Dr Chiplin BPharm, PhD, MRPharmS, joined the Board in November 2014. He is Managing Director, Newstar Ventures Ltd and has significant international experience in the life science and technology industries. Recent transactions that Dr. Chiplin has been instrumental in include US stemcell company Medistem (acquired by Intrexon), Arana Therapeutics (acquired by Cephalon) and Domantis (acquired by GSK). Dr Chiplin is also a director of Adalta Limited (ASX: 1AD), Benitec Biopharma Ltd (ASX: BLT, NASDAQ: BNTC), Batu Biologics Inc., The Coma Research Institute, Prophecy Inc (Chairman), ScienceMedia Inc and Scancell Holdings plc (SCLP.L, Executive Chairman) and Sienna Cancer Diagnostics (ASX: SDX). Dr Chiplin's Pharmacy and Doctoral degrees are from the University of Nottingham, UK.

The Board unanimously supports the re-election of Dr Chiplin.

Resolution 2 is an ordinary resolution.

6. Resolution 3 – Ratification of prior issue of FUJIFILM Shares

6.1 General

On 25 January 2017, the Company issued 8,088,403 Shares at an issue price of \$0.49113 per Share (**FUJIFILM Shares**) to FUJIFILM Corporation of Japan (**FUJIFILM**) pursuant to a licence option agreement to raise \$3,972,457.

The funds raised from the issue of the FUJIFILM Shares are being used to accelerate and expand the development of the Cymerus™ therapeutic mesenchymal stem cell (MSC) technology,

specifically to build on the existing data supporting the potential utility of the Cymerus MSCs in developing cellular therapies to treat respiratory disease, cardiovascular disease and a number of other serious conditions.

The FUJIFILM Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, 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.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1, provided that the previous issue did not breach Listing Rule 7.1, the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 3 seeks Shareholder ratification of the issue of the FUJIFILM Shares pursuant to Listing Rule 7.4. The FUJIFILM Shares were issued pursuant to the 15% capacity under Listing Rule 7.1. The effect of Shareholders passing Resolution 3 will be to restore the Company's ability to issue equity securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months, without the requirement to obtain prior Shareholder approval.

Resolution 3 is an ordinary resolution.

6.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the FUJIFILM Shares is provided as follows:

- (a) 8,088,403 Shares were issued on 25 January 2017.
- (b) The FUJIFILM Shares were issued at an issue price of \$0.49113 per Share.
- (c) The FUJIFILM Shares are fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (d) The FUJIFILM Shares were issued to the FUJIFILM, who is not a related party of the Company.
- (e) The funds raised from the issue of the FUJIFILM Shares are being used to accelerate and expand the development of the Cymerus™ therapeutic mesenchymal stem cell (MSC) technology, specifically to build on the existing data supporting the potential utility of the Cymerus MSCs in developing cellular therapies to treat respiratory disease, cardiovascular disease and a number of other serious conditions.
- (f) A voting exclusion statement is included in the Notice.

7. Resolution 4 – Ratification of prior issue of Placement Shares

7.1 General

On 30 January 2017, the Company issued 9,230,770 Shares at an issue price of \$0.65 each (**Placement Shares**) to sophisticated investors who are not related parties of the Company (**Placement Participants**) to raise \$6,000,000 (before costs).

The funds raised from the issue of the Placement Shares are being used to be used to accelerate and expand the development of the Cymerus™ therapeutic mesenchymal stem cell (MSC) technology, specifically to build on the existing data supporting the potential utility of the Cymerus MSCs in developing cellular therapies to treat respiratory disease, cardiovascular disease and a number of other serious conditions.

The Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 and the additional 10% annual limit approved by Shareholders under Listing Rule 7.1A at the Company's 2016 Annual General Meeting, without the need for Shareholder approval.

A summary of Listing Rules 7.1 and 7.4 is set out in Section 6.1. A summary of Listing Rule 7.1A is set out in Section 8.1.

Resolution 4 seeks Shareholder ratification of the issue of the Placement Shares pursuant to Listing Rule 7.4. Of these Placement Shares, 7,273,807 Shares were issued pursuant to the additional 10% capacity under Listing Rule 7.1A and 1,956,963 Shares were issued pursuant to the 15% capacity under Listing Rule 7.1. The effect of Shareholders passing Resolution 4 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months and within the additional 10% placement capacity under Listing Rule 7.1A during the balance of the 12 months from the date of the Company's 2016 Annual General Meeting, without the requirement to obtain prior Shareholder approval.

Resolution 4 is an ordinary resolution.

7.2 Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Placement Shares is provided as follows:

- (a) 9,230,770 Shares were issued on 30 January 2017.
- (b) The Placement Shares were issued at an issue price of \$0.65 per Share.
- (c) The Placement Shares are fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (d) The Placement Shares were issued to the Placement Participants, none of whom are related parties of the Company.
- (e) The funds raised from the issue of the Placement Shares are being used to accelerate and expand the development of the Cymerus™ therapeutic mesenchymal stem cell (MSC) technology, specifically to build on the existing data supporting the potential utility of the Cymerus MSCs in developing cellular therapies to treat respiratory disease, cardiovascular disease and a number of other serious conditions.
- (f) A voting exclusion statement is included in the Notice.

8. Resolution 5 – Approval of 10% Placement Facility

8.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

While the Company has no current intention to use the 10% Placement Facility, the Company is now seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) below).

The Company intends to continue to expand and accelerate the Company's existing business activities (including expenses associated with further tests in relation to the Company's existing projects) and to pursue other acquisitions that have a strategic fit or will otherwise add value to Shareholders (including expenses associated with such acquisitions). The Company may use the 10% Placement Facility for these purposes and for general working capital.

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

8.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being the Shares (ASX Code: CYP).

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

Where:

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

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 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 Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (f) 10% Placement Period
- Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:
- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
 - (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- (10% Placement Period).**

8.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

8.4 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) 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.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.3325 50% decrease in Issue Price	\$0.665 Issue Price	\$1.33 100% increase in Issue Price
Current Variable A 90,057,248 Shares	10% voting dilution	9,005,724	9,005,724	9,005,724
	Funds raised	\$2,994,403	\$5,988,806	\$11,977,612
50% increase in current Variable A 135,085,872 Shares	10% voting dilution	13,508,587	13,508,587	13,508,587
	Funds raised	\$4,491,605	\$8,983,210	\$17,966,420
100% increase in current Variable A 180,114,496 Shares	10% voting dilution	18,011,449	18,011,449	18,011,449
	Funds raised	\$5,988,806	\$11,977,612	\$23,955,227

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
 - (iii) 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%.
 - (iv) 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 Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) At the date of this Notice, there are currently 90,057,248 Shares on issue.
 - (viii) The issue price is \$0.665, being the closing price of the Shares on 25 September 2017.
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of Equity Securities pursuant to the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities 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) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

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

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

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

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's 2016 AGM held on 16 November 2016.

- (g) In the 12 months preceding the date of the Meeting the Company issued a total of 18,419,173 Equity Securities which represents 22.04% of the total number of Equity Securities on issue at 17 November 2016 (being 83,554,744). The Equity Securities issued in the preceding 12 months were 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 Price¹ 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
17/11/2016	800,000 Options	Note 2	Issued to Directors pursuant to shareholder approval at 2016 annual general meeting.	Nil issue price. \$1.022 exercise price being a 43.94% premium to the Market Price on 16/11/2016	Issued as director incentives. Valued at \$0.3859 each totalling \$308,720 using a Black & Scholes option pricing model.
25/01/2017	8,088,403 Shares	Note 3	Issued to FUJIFILM.	\$0.49113 issue price being a 25.59%	\$3,972,457. The funds raised were to be used

				discount to the Market Price on 24/01/2017.	for the purposes described in Section 6.
30/01/2017	9,230,770 Shares	Note 3	Issued pursuant to a share placement to the Placement Participants.	\$0.65 issue price being a 6.56% discount to the Market Price on 27/01/2017.	\$6,000,000. The funds raised were to be used for the purposes described in Section 7.
07/08/2017	300,000 Options	Note 4	Issued to Pegari Pty Ltd.	Nil issue price. \$0.88 exercise price being a 46.67% premium to the Market Price on 04/08/2017	Issued for provision of corporate advisory services. Valued at \$0.2362 each totalling \$70,860 using a Black & Scholes pricing model.

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
 2. Unlisted Options issued to Directors, exercisable at \$1.022 with an expiry date of 17 November 2019 and subject to vesting conditions. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 16 November 2016.
 3. Fully paid ordinary shares in the capital of the Company, ASX Code: CYP (terms are set out in the Constitution).
 4. Unlisted Options exercisable at \$0.88 with an expiry date of 4 August 2020 and subject to vesting conditions. Refer to Appendix 3B lodged on 7 August 2017.
 5. The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk-free interest rate for the term of the Option.
- (h) The Company's cash balance on 17 November 2016 was approximately \$4,529,876. The Company raised a total of \$9,972,457 (before costs) in the previous 12 months. The Company's cash balance at the date of this Notice is approximately \$8,800,000. The remaining funds are intended to be used for further development of the Company's stem cell technologies, in particular the conduct of a Phase 1 clinical trial and for general working capital purposes.
- (i) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

9. Resolution 6 – Authority to Grant Director Options to Dr Paul Wotton

9.1 Background

The Company has agreed, subject to obtaining Shareholder approval, to grant a total of 2,000,000 Director Options to Dr Paul Wotton (or his nominee).

The Director Options will be granted for nil cash consideration. The Director Options will be exercisable at \$1.50 each, on or before the date that is 2 years from the date of the grant of the Director Options. The Director Options will vest in two tranches, subject to continuous service up to the applicable vesting date, as follows:

- (a) 1,000,000 to vest one year from the date of grant; and
- (b) 1,000,000 to vest 18 months from the date of grant.

In the Company's present circumstances, the Board considers that the incentive to Dr Paul Wotton that will be represented by the grant of these Director Options is a cost effective and efficient award for the Company to make to appropriately incentivise his continued performance, as opposed to alternative forms of incentive, such as payment of cash compensation, and are consistent with the strategic goals and targets of the Company.

The Board considers that the experience of Dr Paul Wotton will greatly assist the development of the Company. As such, the Board believes that the number of Director Options to be granted to Dr Paul Wotton is commensurate with his value to the Company and is consistent with remuneration and incentivisation standards in the industry and sector.

Given the speculative nature of the Company's activities and the small management team responsible for its operations, it is considered the performance of Dr Wotton and the performance and value of the Company are closely related. As such, the Director Options granted will generally only be of benefit if Dr Paul Wotton performs to a stellar level where the value of the Company increases sufficiently to warrant exercising the Director Options.

9.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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

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

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

The grant of Director Options constitutes giving a financial benefit and Dr Wotton is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Director Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Director Options to Dr Wotton.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Director Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Director Options will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 6 is an ordinary resolution.

9.3 Specific information required under Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of Listing Rule 10.13 and section 219 of the Corporations Act, information regarding the grant of Director Options is provided as follows:

- (a) The Director Options will be granted to Dr Paul Wotton and/or his nominee.
- (b) The maximum number of Director Options the Company will grant to Dr Wotton (or his nominee) pursuant to Resolution 6 is 2,000,000 Director Options.
- (c) The Director Options will be granted no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (d) The Director Options will be granted for nil consideration as they are being issued as incentive based remuneration. Accordingly, no funds will be raised from the issue of the Director Options.
- (e) Dr Wotton is a related party of the Company by virtue of being a Director.
- (f) Each Director Option is exercisable at \$1.50 per Option and expire on the date that is two years from the date of grant. The Director Options will vest in two tranches, subject to continuous service up to the applicable vesting date, as follows:
 - (i) 1,000,000 to vest one year from the date of grant; and
 - (ii) 1,000,000 to vest 18 months from the date of grant.

The Director Options are unlisted and transferable in specific circumstances once vested. No application for quotation of the Director Options will be made by the Company. Shares issued on exercise of the Director Options will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The full terms and conditions of the Director Options are set out in Schedule 1.

- (g) A voting exclusion statement is included in the Notice.
- (h) If all of the Director Options granted are exercised it may result in a dilution of all other Shareholders' holdings in the Company by 2.17% based on the Shares currently on issue (assuming no Options other than the Director Options are exercised).
- (i) Dr Wotton receives the amount of \$100,000 per annum as Director's fees and has received the amount of \$94,722 in total since his appointment as a Director on 9 June 2016.
- (j) As at the date of this Notice, Dr Wotton has an interest in the following Securities of the Company:
 - (i) a direct interest in 200,000 unlisted Options with an exercise price of \$1.022 per Option, expiring on 17 November 2019; and
 - (ii) an indirect interest in 55,000 Shares.
- (k) On the basis of the assumptions below, the Company has determined the technical value of the Director Options to be as follows:

Option Class	Value of each Director Option	Total Value of Director Options
1,000,000 Director Options to vest one year from the date of grant	\$0.1156	\$115,600
1,000,000 to vest 18 months from the date of grant	\$0.1156	\$115,600
Total	\$0.1156	\$231,200

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) The market price per Share as at the valuation date of 25 September 2017 is \$0.665;
- (ii) The exercise price of the Director Options is \$1.50;
- (iii) The Director Options will expire after 24 months;
- (iv) The price volatility of the Shares is approximately 73.66%;
- (v) The risk-free interest rate is 1.94%; and
- (vi) Dividends are unlikely to be paid during the life of the Director Options.

- (l) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (m) Historical share price information for the 12 months prior to the date of this Notice is as follows:

	Price	Date
Highest	\$0.805	21 November 2016
Lowest	\$0.37	3 May 2017
Last	\$0.665	25 September 2017

- (n) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (o) Other than Dr Wotton, no Director has a personal interest in the outcome of Resolution 6.
- (p) All of the Directors (other than Dr Wotton) recommend that Shareholders vote in favour of Resolution 6 as the Directors Options will provide a key component of the incentive portion of Dr Wotton's remuneration in order to retain his services and to provide incentive linked to the performance of the Company. Dr Wotton has an interest in the outcome of Resolution 6 and therefore believes it inappropriate to make a recommendation.
- (q) In forming their recommendations, the Directors (other than Dr Wotton) considered the experience of the other Directors, the current market price of Shares, the current market practices (based on a review of publicly available information relating to the remuneration structures of several of its ASX listed peer companies) when determining the number of Director Options to be granted as well as the exercise price, expiry date and vesting conditions of those Director Options.
- (r) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 6.

10. Resolution 7 – Approval of Proportional Takeover Provisions

Clause 35 of the Constitution contains provisions dealing with proportional takeover bids for the Company's Shares in accordance with the Corporations Act.

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares. The provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, the provisions must be renewed every three years or they will cease to have effect and as such, the current provisions had automatically ceased to have effect. If the proposed resolution is approved by Shareholders, the proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect until 17 November 2020.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from

the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed by Shareholders.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. The proposed provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions and as a result consider that the renewal of the proportional takeover provisions in the Constitution is in the interests of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 7.

14. Definitions

10% Placement Facility has the meaning given in Section 8.1.

10% Placement Period has the meaning given in Section 8.2(f).

AEDT means Australian Eastern Daylight Time.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2017.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

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.

Chairman means the person appointed to chair the Meeting.

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

Company or **Cynata** means Cynata Therapeutics Limited ACN 104 037 372.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Option means an Option with an exercise price of \$1.50 per Option and expiring on the date that is 2 years from the date of grant and otherwise with the terms and conditions in Schedule 1.

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

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

FUJIFILM has the meaning in Section 6.1.

FUJIFILM Shares has the meaning in Section 6.1.

Key Management Personnel means a person 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.

Listing Rules means the listing rules of ASX.

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

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Placement Participants has the meaning in Section 7.1.

Placement Shares has the meaning in Section 7.1.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Terms & Conditions of Director Options

1. Entitlement

Each Director Option entitles the holder to subscribe for one Share upon exercise of each Director Option.

2. Exercise price

The exercise of each Director Option is \$1.50 per Option.

3. Vesting date

The Director Options will vest on the following dates (each, a **Vesting Date**):

- (a) 1,000,000 to vest on the date that is 12 months from the date of grant; and
- (b) 1,000,000 to vest on the date that is 18 months from the date of grant.

4. Expiry date

Each Director Option expires at 5.00pm (WST) on the date that is two years after the grant of the Director Option (**Specified Expiry Date**).

The Director Options will expire on that date (**Expiry Date**) which is the earlier of:

- (a) the Specified Expiry Date; or
- (b) the making by the Board of a determination that the Employee has acted fraudulently, dishonestly or in breach of the Employee's obligations to the Company or any of its subsidiaries; or
- (c) as determined in accordance with item 5 below; or
- (d) as determined in accordance with item 6 below,

and thereafter no party has any claim against any other party arising under or in respect of the Director Options.

5. Ceasing to be an Employee

If at any time prior to the Expiry Date of any Director Options, Dr Paul Wotton ceases to be an Employee as a Good Leaver, the Optionholder, will be entitled to keep any Director Options for which the relevant Vesting Date has passed (**Vested Options**) and the Board, in its absolute discretion, shall determine the amount of any Director Options for which the relevant Vesting Date has not passed (**Unvested Options**) to vest.

If at any time prior to the Expiry Date of any Director Options, Dr Paul Wotton ceases to be an Employee as a Bad Leaver:

- (a) in respect of any Vested Options held, the Optionholder will have until the earlier of:
 - (i) three months from the date of Dr Paul Wotton ceasing to be an Employee; or
 - (ii) the Expiry Date of the Director Options,to exercise the Director Options, otherwise the Director Options will automatically lapse; and
- (b) any other Director Options will automatically lapse.

For the purposes of this item 3:

"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 persons as the Board determines.

"Good Leaver" means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

"Bad Leaver" means an Employee who ceases to be an Employee by any reason other than as a Good Leaver.

6. Change in Control

Upon the occurrence of a Change in Control Event the Board may determine (in its discretion):

- (a) that the Director Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Director Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Director Options on like terms (having regard to the nature and value of the Director Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Director Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this Item 6, "**Change in Control Event**" means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Director Options); or
- (b) the announcement by the Company that:
 - (i) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement; or
- (c) the occurrence of the sale of all or a majority of the Company's main undertaking; or
- (d) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

7. Exercise Period

The Director Options are exercisable at any time after the applicable Vesting Date and on or prior to the Expiry Date.

8. Notice of Exercise

The Director Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Director Option being exercised or, an election to use the Cashless Exercise Facility (as defined below) in respect of each Option being exercised. Any Notice of Exercise of a Director Option received by the Company will be deemed to be a notice of the exercise of that Director Option as at the date of receipt.

9. Cashless Exercise Facility

The holder of Director Options may, at their election, elect to pay the Exercise Price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.

If a holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average of the prices at which Shares were traded on the ASX during the one week period prior to exercise) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares.

EP = Option exercise price.

10. Shares issued on exercise

Shares issued on exercise of the Director Options rank equally with the then Shares of the Company.

11. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Options.

12. Timing of issue of Shares

After a Director 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 Director 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 official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.

13. Participation in new issues

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options.

14. 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 a Director Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Director Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

15. 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 a Director Option.

16. 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.

17. Quotation of Director Options

No application for quotation of the Director Options will be made by the Company.

18. Director Options not transferable

Director Options are not transferable unless they are Vested Options and only with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.

19. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Director Options with the appropriate remittance should be lodged at the Company's Registry.

Appointment of Proxy

Holder Number:

STEP 1:	Please appoint a Proxy	<p>Appoint a proxy:</p> <p>I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at 9.30 am (AEDT) on Friday, 17 November 2017 at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053 hereby:</p> <p>Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy </p> <p>or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.</p> <p>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.</p> <p>Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.</p> <p>AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS</p> <p>Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.</p>								
STEP 2:	Voting Direction	Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain	
		1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		2 Re-election of Dr John Chiplin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Authority to Grant Director Options to Dr Paul Wotton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		3 Ratification of prior issue of Shares to FUJIFILM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		4 Ratification of prior issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
		<i>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.</i>								
STEP 3	SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED									
	Individual or Securityholder 1	Securityholder 2	Securityholder 3							
	Sole Director and Sole Company Secretary	Director	Director / Company Secretary							
	Contact Name.....	Contact Daytime Telephone.....	Date	/	/	2017				
	Email Address _____									

HOW TO COMPLETE THIS PROXY VOTING FORM

LOGGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 9.30am (AEDT) on Wednesday, 15 November 2017, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Voting Forms can be lodged:

 **BY MAIL**
Cynata Therapeutics Limited
PO Box 271
West Perth WA 6872

 **BY HAND**
Cynata Therapeutics Limited
Level 3 62 Lygon Street
Carlton VIC 3053

 **BY EMAIL**
info@cynata.com

 **BY FACSIMILE**
+61 (0)3 9822 7735

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

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

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

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

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

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

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

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

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

OTHER RESOLUTIONS

Should any resolution, other than those specified in this Proxy Voting Form, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.