

Notice of General Meeting

Cynata Therapeutics Limited (ASX: CYP) advises that a general meeting of shareholders (**Meeting**) will be held on Wednesday, 12 September 2018 at 10.00am (Melbourne time) at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053.

The purpose of the Meeting is to seek approval from shareholders for the following resolutions:

- *Resolution 1: Approval for a Director Loan to Dr Ross Macdonald or his nominee for exercise of Director Options*
- *Resolution 2: Approval for a Director Loan to Dr Stewart Washer or his nominee for exercise of Director Options*
- *Resolution 3: Ratification of issue of Shares under Placement - Listing Rule 7.1 capacity*

The Notice of Meeting and Explanatory Memorandum are attached to this ASX announcement. Terms and abbreviations used in this announcement are defined therein.

Key points with respect to Resolutions 1 and 2 (approval of Director Loans):

- Dr Ross Macdonald and Dr Stewart Washer each intend to exercise their full quota of fully vested \$0.40 Director Options, which are due to expire on 27 September 2018, to acquire an interest of 2,500,000 shares each in Cynata Therapeutics (representing an aggregate of 5.0% of shares on issue).
- Dr Macdonald and Dr Washer will each personally fund \$100,000 of the cash exercise price of the Director Options.
- The Company proposes to lend Dr Macdonald and Dr Washer a total of \$900,000 each, solely to facilitate the exercise of the Director Options – this represents 90% of the total cash exercise price of the options.
- The granting of Director Loans does not represent a cash outflow of the principal amount given the funds are used for payment of the exercise price of the Director Options.
- If the Director Loans are approved, the net effect is for Cynata to receive \$200,000 in cash up front, interest of up to ~\$96,000 per annum and the deferred receipt of \$1,800,000 (for up to three years).
- The Company will have recourse to the Loan Funded Shares and will also have recourse to the Borrower in the event of a default under the Director Loans.

Dr Paul Wotton, Cynata's Chairman, said:

“Both Dr MacDonald and Dr Washer have made substantial contributions to Cynata over the past five years and have created not only significant value for shareholders but also potential new treatment options for patients. Their intention to borrow interest bearing funds to fully exercise their Director Options demonstrates their confidence in the future of Cynata and aligns their interests with shareholders. The other Directors of the Company strongly recommend shareholders support for the Director Loan mechanism.”



The Company seeks shareholder approval to provide the Director Loans under the related party transaction and financial assistance provisions of the Corporations Act. The Directors (other than Dr Macdonald and Dr Washer) endorse the Director Loans as the best mechanism to align interests of Dr Macdonald and Dr Washer with CYP's shareholders and recommend that Shareholders vote in favour of approving the Director Loans.

Ends

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About Cynata Therapeutics (ASX: CYP)

Cynata Therapeutics Limited (ASX: CYP) is an Australian clinical-stage stem cell and regenerative medicine company that is developing a therapeutic stem cell platform technology, Cymerus™, originating from the University of Wisconsin-Madison, a world leader in stem cell research. The proprietary Cymerus technology addresses a critical shortcoming in existing methods of production of mesenchymal stem cells (MSCs) for therapeutic use, which is the ability to achieve economic manufacture at commercial scale. Cymerus utilises induced pluripotent stem cells (iPSCs) to produce a particular type of MSC precursor, called a mesenchymoangioblast (MCA). Cymerus provides a source of MSCs that is independent of donor limitations and an "off-the-shelf" stem cell platform for therapeutic product use, with a pharmaceutical product business model and economies of scale. This has the potential to create a new standard in the emergent arena of stem cell therapeutics, and provides both a unique differentiator and an important competitive position.

CYNATA THERAPEUTICS LIMITED

ACN 104 037 372

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053, on Wednesday, 12 September 2018 at 10:00am (Melbourne time)

This Notice of 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 GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Cynata Therapeutics Limited (**Company**) will be held at **the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053** on **Wednesday, 12 September 2018 at 10:00am (Melbourne time) (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 Monday, 10 September 2018 at 7.00 pm (Melbourne time).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Approval for Director Loan to Dr Ross Macdonald or his nominee for exercise of Director Options

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

"That, for the purposes of section 260B and Chapter 2E of the Corporations Act, and for all other purposes, Shareholders approve the financial assistance and financial benefit provided to Dr Ross Macdonald or his nominee as constituted by the making of a Director Loan for the sole purpose of exercising the Director Options, in the amounts and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Dr Ross Macdonald; or
- (b) any Associates of Dr Ross Macdonald.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
 - (d) 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.
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2. Resolution 2 – Approval for Director Loan to Dr Stewart Washer or his nominee for exercise of Director Options

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

"That, for the purposes of section 260B and Chapter 2E of the Corporations Act, and for all other purposes, Shareholders approve the financial assistance and financial benefit provided to Dr Stewart Washer or his nominee as constituted by the making of a Director Loan for the sole purpose of exercising the Director Options, in the amounts and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Dr Stewart Washer; or
- (b) any Associates of Dr Stewart Washer.

However, the Company will not disregard a vote if:

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

3. Resolution 3 – Ratification of issue of Shares under Placement – Listing Rule 7.1 capacity

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, the issue of 4,074,320 Shares to Fidelity under the Placement, details of which are set out in the Explanatory Memorandum, be ratified by Shareholders."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) any person or entity who participated in the issue of Shares under the Placement; or
- (b) any Associates of those persons.

However, the Company will not disregard a vote if:

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

**Dated 9 August 2018 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 **Wednesday, 12 September 2018** at **10:00am** (Melbourne time).

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 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1 and 2 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 2.

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 2 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Resolutions 1 and 2 – Director Loans to Dr Ross Macdonald and Dr Stewart Washer or their nominees to exercise Director Options

3.1 Background

On 27 September 2013 (prior to the consolidation of the Company's capital in November 2013), Shareholders approved the grant of 50,000,000 unlisted options to each of Dr Ross Macdonald and Dr Stewart Washer or their respective nominees (100,000,000 options in total).

The exercise price of the options (prior to the consolidation) was \$0.02 and the expiry date is 27 September 2018.

These options were due to vest in Dr Ross Macdonald and Dr Stewart Washer or their respective nominees in the following tranches:

Tranche	Number of options for each Director	Vesting Condition
A	25,000,000 each	On the date of issue (i.e. 27 September 2013).
B	15,000,000 each	The volume weighted average price of shares over a period of 10 consecutive trading days being at least \$0.04 per share.
C	10,000,000 each	The volume weighted average price of shares over a period of 10 consecutive trading days being at least \$0.06 per share.

The Company completed a consolidation of the Company's securities on a 1 for 20 basis in November 2013. By virtue of the consolidation, the exercise price of the options changed to \$0.40 and the number of options and vesting conditions of the tranches changed to the following:

Tranche	Number of options for each Director	Vesting Condition
A	1,250,000 each	On the date of issue (i.e. 27 September 2013).
B	750,000 each	The volume weighted average price of shares over a period of 10 consecutive trading days being at least \$0.80 per share.
C	500,000 each	The volume weighted average price of shares over a period of 10 consecutive trading days being at least \$1.20 per share.

The vesting conditions of all three tranches had been met by March 2015 such that Dr Ross Macdonald and Dr Stewart Washer or their respective nominees hold 2,500,000 unlisted options each exercisable at \$0.40 and with an unchanged expiry date of 27 September 2018 (**Director Options**).

3.2 Proposed Terms of Director Loans

The Directors (other than Dr Ross Macdonald and Dr Stewart Washer) have resolved – subject to Shareholder approval – to make available to each of Dr Ross Macdonald and Dr Stewart Washer or their respective nominees (each, a **Borrower**) a loan, solely for the purpose of funding the exercise of the Director Options (**Director Loans**).

The Director Options are held by Dr Ross Macdonald and Dr Stewart Washer either indirectly or through related party nominees. Accordingly, approval is being sought to make the Director

Loans available to the Directors *or their nominees* so that the Director Loans are made available to the actual holder of the Director Options.

It is proposed that each Director Loan be made on the following terms:

- (a) Principal Sum: \$900,000 each.
- (b) Interest Rate: 5.20% per annum simple (i.e. non-compounding) interest.
- (c) Interest Payment: Paid annually and accrued daily.
- (d) Term: 3 years.

Sums advanced under the Director Loans may only be used in order to exercise the Director Options and acquire shares issued as a consequence of the exercise of the Director Options using the sums advanced (**Loan Funded Shares**).

The cash exercise price of the Director Options held by Dr Ross Macdonald and Dr Stewart Washer is \$1,000,000 for each Director. The proposed principal amount of the Director Loans is \$900,000 for each Director. Accordingly, each Director (or their respective nominee) has agreed to pay the Company \$100,000 each to supplement the Director Loans in order to exercise of all of the Director Options (assuming the Director Loans are approved).

Section 259B of the Corporations Act prevents the Company from taking security over its own shares, except as permitted by the exceptions in sections 259B(2) and 259B(3). The exceptions in sections 259B(2) and 259B(3) do not apply to the present circumstances. Accordingly, the Director Loans cannot be secured by the Company taking security over the Loan Funded Shares.

At the end of the Term, each Borrower is required to repay the amounts outstanding under the Director Loans. If a Borrower does not repay a Director Loan, the Company may demand that a Borrower dispose of sufficient Loan Funded Shares to satisfy up to the total amount outstanding under the Director Loan.

In addition to recourse against the Loan Funded Shares, the Company will have recourse against each Borrower to recover amounts owing under the Director Loans.

The Director Loans will also be repayable prior to expiry of the Term in the following circumstances:

- If a Borrower disposes of Loan Funded Shares, the proceeds of sale of the Loan Funded Shares (net of tax) must be applied to repaying the Director Loans.
- If a Borrower is in default of its payment obligations, the Company can demand that the Borrower dispose of sufficient Loan Funded Shares to satisfy the default amount owing.
- If Dr Ross Macdonald or Dr Stewart Washer is a “bad leaver” (as applicable), the Company can demand that the associated Borrower dispose of sufficient Loan Funded Shares to satisfy the total amount outstanding under the Director Loan.
- The Company is entitled to set off the outstanding balance of the relevant Director Loan against any termination payment made to Dr Ross Macdonald, net of tax (as a non-executive Director, the Company would have no liability to make a termination payment to Dr Stewart Washer).
- The Company is entitled to set off any remuneration, bonus payment or director fees payable to Dr Ross Macdonald or director fees payable to Dr Stewart Washer (net of tax) while the relevant Director Loan is in default (as a non-executive Director, Dr Stewart Washer is not entitled to any remuneration or bonus payments from the Company).

3.3 Rationale and advantages for the Director Loans

The Directors (other than Dr Ross Macdonald and Dr Stewart Washer) propose to make the Director Loans for the following reasons:

- (a) The Director Loans may only be applied to exercising the Director Options.
- (b) As the Director Loan funds are used for payment of the exercise price payable on exercise of the Director Options, the funds will be immediately returned to the Company in the form of subscription money. The granting of the Director Loans will

therefore involve no cash outflow (other than in respect of any costs associated with the granting of the Director Loans which are not expected to be material).

- (c) The exercise of the Director Options will further promote the alignment of interests of Dr Ross Macdonald and Dr Stewart Washer and the Company via increased Director shareholdings.
- (d) The Company will benefit from the payment of interest on the Director Loans.
- (e) The Directors believe the commercial terms of the Director Loans are reasonable in the circumstances. The Directors further note that a common feature of options issued by many companies is a “cashless exercise” mechanism (which involves the issue of options for no cash consideration). The Director Options do not have a cashless exercise mechanism, however options issued by the Company subsequent to the issue of the Director Options incorporate this mechanism.
- (f) Whilst the Director Loans are not secured, the Company will have recourse to the Loan Funded Shares and will also have recourse to the Borrowers in the event of a default under the Director Loans. Accordingly, the Company’s recourse in respect of the Director Loans is not limited to the Loan Funded Shares.
- (g) The Director Loans are for the majority, but not 100%, of the exercise price of the Director Options. Accordingly, each of Dr Ross Macdonald and Dr Stewart Washer (or nominees) will be required to make a material cash contribution towards the exercise price of the Director Options.
- (h) It is common for companies to grant loans to directors for the acquisition of securities at the same time as the grant of the securities, on terms broadly similar – and potentially more favourable to the borrower – than the proposed terms of the Director Loans. Approval is being sought by the Company at this time because approval was not sought at the time of grant of the Director Options.
- (i) If the Director Loans are not provided, Dr Ross Macdonald and Dr Stewart Washer may seek to fund the exercise of the Director Options via the sale of some or all of the Director Options, or the underlying shares. The Directors (other than Dr Ross Macdonald and Dr Stewart Washer) believe that having the Director Options exercised – and the underlying shares held – by supportive and aligned Directors is in the interests of Shareholders.

3.4 Disadvantages of the Director Loans

The Directors (other than Dr Ross Macdonald and Dr Stewart Washer) believe that the key disadvantage of the Director Loans is that providing the Director Loans effectively deprives the Company of the \$1.8 million of cash proceeds that it would have received had the Director Options been exercised for cash without the Directors Loans, until such a time as the Director Loans are repaid.

3.5 Financial effect of making the Director Loans

Upon issue of the Loan Funded Shares, the Company's books of account will reflect an increase in contributed equity and, until such time as the Director Loans and any interest is repaid, a current asset in the form of the Director Loans and any interest outstanding. Upon the repayment of the Director Loans and any interest the funds received will be available to the Company as working capital.

3.6 Sections 260A and 260B of the Corporations Act

The provision of the Director Loans to Dr Ross Macdonald and Dr Stewart Washer or their respective nominees to fund the exercise of the Director Options and consequent acquisition of the Loan Funded Shares will constitute ‘financial assistance’ for the purposes of Part 2J.3 of the Corporations Act.

Section 260A of the Corporations Act states that a company may financially assist a person to acquire shares in the company only if:

- (a) giving the assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors;
- (b) the assistance is approved by the shareholders under section 260B; or
- (c) the assistance is exempt under section 260C.

Section 260B of the Corporations Act states that, for a company to financially assist a person to acquire shares in itself, the financial assistance must be approved by special resolution of the company's shareholders, with no votes being cast in favour of the resolution by the person acquiring the shares or their associates.

Accordingly, the Company seeks approval under section 260B of the Corporations Act for the financial assistance constituted by the Director Loans.

3.7 Chapter 2E of the Corporations Act

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, Chapter 2E (in particular section 208) of the Corporations Act requires that 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 provision of the Director Loans to enable the exercise of the Director Options constitutes giving a financial benefit and Dr Ross Macdonald and Dr Stewart Washer are related parties of the Company by virtue of being Directors.

As Dr Ross Macdonald and Dr Stewart Washer, Directors, or their nominees would be related parties who receive a financial benefit, Shareholder approval is sought pursuant to Chapter 2E of the Corporations Act.

3.8 Specific information required under section 219 of the Corporations Act

For the purpose of section 219 of the Corporations Act, information regarding the grant of the Director Loans is provided as follows.

- (a) *The related party to whom the proposed resolution will permit a financial benefit to be given to:*

The proposed financial benefits given under Resolutions 1 and 2 will be given to Dr Ross Macdonald and Dr Stewart Washer, Directors, or their respective nominees.

- (b) *The nature of the financial benefit:*

The nature of the financial benefit to be given is the grant of the Director Loans on the terms set out in Section 3.2 of this Explanatory Memorandum, being the Director Loans by the Company to each of Dr Ross Macdonald and Dr Stewart Washer, Directors, or their respective nominees, in an amount equal to the total exercise price of the Director Options each of them holds.

- (c) *The Directors' recommendations:*

Dr Ross Macdonald does not make a recommendation to Shareholders in relation to Resolution 1 as he has a material personal interest in its outcome. Dr Ross Macdonald also does not make a recommendation to Shareholders about Resolution 2 as he considers that he may have a material personal interest in its outcome. This is because the Company proposes to extend a Director Loan on the same terms as his Director Loan which is the subject of Resolution 1.

Dr Stewart Washer does not make a recommendation to Shareholders in relation to Resolution 2 as he has a material personal interest in its outcome. Dr Stewart Washer also does not make a recommendation to Shareholders about Resolution 1 as he considers that he may have a material personal interest in its outcome. This is because

the Company proposes to extend a Director Loan on the same terms as his Director Loan which is the subject of Resolution 2.

The Directors, other than Dr Ross Macdonald and Dr Stewart Washer, recommend that Shareholders vote in favour of Resolutions 1 and 2 for the reasons set out in section 3.3 of this Explanatory Memorandum.

(d) The Directors' interests in the outcome of the resolution:

Dr Ross Macdonald and Dr Stewart Washer have a material personal interest in the outcome of Resolutions 1 and 2 respectively on the basis that they, or their respective nominees, would be granted the Director Loans in order to exercise the Director Options and acquire the Loan Funded Shares.

The remaining Directors (i.e. other than Dr Ross Macdonald and Dr Stewart Washer) have no personal interest in the outcome of Resolutions 1 and 2.

(e) Other information

Save for the fact that making the Director Loans will effectively deprive the Company of receipt of \$1.8 million of cash proceeds on exercise of the Director Options until such time as the Director Loans are repaid, the Directors do not consider that there are any significant opportunity costs to the Company foregone by the Company granting the Director Loans.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 1 and 2.

The associated advantages, disadvantages and financial effect of making the Director Loans are described in sections 3.3, 3.4 and 3.5 of this Explanatory Memorandum.

3.9 Special resolutions

In order for the approval of financial assistance under section 260B(1)(a) of the Corporations Act to be valid, Resolutions 1 and 2 are special resolutions. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of Shares) must be in favour of the resolution.

3.10 Directors' recommendation and undirected proxies

The Directors, other than Dr Ross Macdonald and Dr Stewart Washer, recommend that Shareholders vote in favour of Resolutions 1 and 2.

The Chairman intends to vote undirected proxies in favour of Resolutions 1 and 2.

4. Resolution 3 – Ratification of issue of Shares under Placement – Listing Rule 7.1 capacity

4.1 Background

On 30 May 2018, the Company announced the placement of shares (**Placement**) to FIL Investment Management (Hong Kong) Limited t/as Fidelity International (**Fidelity**).

Fidelity is a global asset manager that invests A\$414.5 billion (as at 31 December 2017) on behalf of clients in the Asia Pacific, Europe, the Middle East, and South America. As disclosed on 7 May 2018, Fidelity became a substantial holder of Cynata.

Under the Placement, Cynata issued Fidelity 4,074,320 fully paid ordinary Shares in Cynata at an issue price of A\$1.275 per share.

The placement was made under Cynata's existing 15% placement capacity under Listing Rule 7.1.

4.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period without the approval of

holders of ordinary securities than the amount which represents 15% of the number of fully paid ordinary securities on issue at the start of the 12-month period.

Listing Rule 7.4 provides that an issue of securities made without the approval of holders of ordinary securities under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and holders of ordinary securities subsequently approve the issue pursuant to a notice of meeting which complies with Listing Rule 7.5.

4.3 Specific information required under Listing Rule 7.5

The following information is provided in relation to the issue of Shares under the Placement in accordance with Listing Rule 7.5:

- (a) The number of Shares issued under Listing Rule 7.1 in connection with the Placement was 4,074,320 Shares.
- (b) The price at which Shares were issued under the Placement was A\$1.275 per Share.
- (c) Shares issued under the Placement are fully paid and rank equally in all respects with the Company's other Shares on issue.
- (d) The Shares were issued to FIL Investment Management (Hong Kong) Limited t/as Fidelity International.
- (e) Funds raised from the Placement will be used to strengthen the Company's balance sheet and support the Company's continuing product development activities.
- (f) A voting exclusion statement in relation to Resolution 3 is included in the Notice.

4.4 Directors' recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote undirected proxies in favour of Resolution 3.

1. Definitions

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in the ASX Listing Rules.

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

Board means the board of Directors.

Borrower has the meaning given in Section 3.2 of this Explanatory Memorandum.

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 Loans means the proposed loans described in Section 3.2 of this Explanatory Memorandum.

Director Options means the unlisted options in the Company referred to in Section 3 of this Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Fidelity means FIL Investment Management (Hong Kong) Limited t/as Fidelity International.

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.

Loan Funded Shares means Shares issued as a consequence of the exercise of the Director Options using sums advanced pursuant to the Director Loans as referred to in Section 3.2 of this Explanatory Memorandum.

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

Notice means this notice of meeting.

Placement means the placement of Shares to Fidelity referred to in Section 4.1 of this Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice.

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.

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

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

Holder Number:

Vote by Proxy: CYP

Your proxy voting instruction must be received by **10.00am (AEST) on Monday, 10 September 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.



- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is 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.

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.

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.**

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.

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.

CONTACT	Return your completed form:  <div style="margin-left: 20px;"> BY MAIL Automic Registry Services PO Box 2226 Strawberry Hills NSW 2012 </div>	Contact us – All enquiries to Automic:  <div style="margin-left: 20px;"> WEBCHAT https://automic.com.au/ </div>
	 <div style="margin-left: 20px;"> IN PERSON Automic Registry Services Level 3, 50 Holt Street, Surry Hills NSW 2010 </div>	 <div style="margin-left: 20px;"> EMAIL hello@automic.com.au </div>

STEP 1: Please appoint a Proxy	Complete and return this form as instructed only if you do not vote online	
	I/We being a Shareholder entitled to attend and vote at the General Meeting of Cynata Therapeutics Limited, to be held at 10.00am (AEST) on Wednesday, 12 September 2018 at the Board Room, Level 2, 62 Lygon Street, Carlton South, Victoria 3053 hereby:	
	Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.	<input style="width: 100%; height: 20px;" type="text"/>
	The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.	
AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS 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 2 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.		

STEP 2: Your Voting Direction	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;">Resolutions</th> <th style="text-align: center; padding: 5px;">For</th> <th style="text-align: center; padding: 5px;">Against</th> <th style="text-align: center; padding: 5px;">Abstain</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">1. Approval for Director Loan to Dr Ross Macdonald or his nominee for exercise of Director Options</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">2. Approval for Director Loan to Dr Stewart Washer or his nominee for exercise of Director Options</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">3. Ratification of issue of Shares under Placement – Listing Rule 7.1 capacity</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> </tbody> </table>	Resolutions	For	Against	Abstain	1. Approval for Director Loan to Dr Ross Macdonald or his nominee for exercise of Director Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Approval for Director Loan to Dr Stewart Washer or his nominee for exercise of Director Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Ratification of issue of Shares under Placement – Listing Rule 7.1 capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3. Ratification of issue of Shares under Placement – Listing Rule 7.1 capacity	<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: Sign	SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED		
	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
	Sole Director and Sole Company Secretary	Director	Director / Company Secretary
Contact Name..... Contact Daytime Telephone..... Date ____/____/____			
Email Address _____			
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).			