

NOTICE OF 2021 ANNUAL GENERAL MEETING

Notice is given that the 2021 Annual General Meeting of the Shareholders of Control Bionics Limited will be held virtually commencing at 11 am (Melbourne time) on Wednesday 13 October 2021.

Further information on the business is set out below and is contained in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

ORDINARY BUSINESS

Financial Report for the Year Ended 30 June 2021

To receive and consider the Company's financial statements and the reports of the Directors and of the Auditor for the year ended 30 June 2021.

Resolution 1 - Remuneration Report

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

"That the Remuneration Report for the financial year ended 30 June 2021, as set out in the Directors' report be adopted."

Resolution 2 - Re-elect Peter Shann Ford as a Director

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

"That Peter Shann Ford retires by rotation in accordance with Clause 60 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director."

Resolution 3 - Re-elect Damian Lismore as a Director

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

"That Damian Lismore, having been appointed during the last year as a director pursuant to clause 59.1 of the Constitution, retires in accordance with Clause 59.2 of the Company's Constitution and offers himself for election, be re-elected as a Director."

Resolution 4 - Additional Share Issue Capacity under Listing Rule 7.1A

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to an additional 10% of its issued Equity Securities by way of placements over a 12-month period, on such terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice."

Information for shareholders

Entitlement to attend and vote at the Meeting

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that for the purpose of ascertaining a person's entitlement to vote at the Meeting, a person will be recognized as a Shareholder and the holder of Shares and will be entitled to vote at the Meeting if that person is registered as a holder of those Shares at 7:00 p.m. AEST on Monday, 11 October 2021.

Votes

Voting on each Resolution will be on a poll, every Shareholder present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each Share held by him, her or it. In the case of joint Shareholders, all holders may attend the Meeting but only one holder may vote at the Meeting in respect of the relevant Shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant Shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant Shares is counted.

Shareholders who wish to vote virtually on the day of the AGM will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their username and password. Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website <https://investor.automic.com.au/#/home>, click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a username and password) are advised to take the following steps to attend and vote virtually on the day of the AGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your username and password.
2. (Registration on the day) If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.

(Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps. For further information on the live voting process please see the Registration and Voting Guide at:

<https://www.automicgroup.com.au/app/uploads/2021/01/Virtual-Meeting-Registration-and-VotingShareholder-Guide-V2.pdf> .

Shareholders may register to join the online meeting at

<https://us02web.zoom.us.....>

Proxies

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote on behalf of the Shareholder. Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. A proxy need not be a Shareholder and may be a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on the Resolutions by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business. An instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filed in will be deemed to be given in the favour of the Chair of the Meeting.

Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders of Control Bionics Limited (**Control Bionics or the Company**) to understand the business to be put to Shareholders at the Annual General Meeting (**Meeting or AGM**) of the Company to be held at 11 am (Melbourne time) on Wednesday 13 October 2021.

Resolution 1, which relates to approval of the 2021 Remuneration Report, is an advisory resolution, further details of which are included below. Resolutions 2 and 3 are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution. Resolution 4 is a special resolution which will only be passed if 75% (ie, at least three quarters) of the votes cast by shareholders entitled to vote (either on a show of hands at the meeting or by the inclusion of proxies if on a poll) are in favour of the resolution.

Financial Statements and Reports

The Annual Report and the associated reports of the Directors and the Auditor for the financial year ended 30 June 2021 will be presented for consideration.

The 2021 Annual Report is available on the Company website <https://www.controlbionics.com/>

Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose, and there is no requirement either in the *Corporations Act 2001* (Cth) (**the Act**) or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report at the Meeting, or that the Financial Statements and Reports be accepted, rejected or modified in any way.

Resolution 1: Remuneration Report

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives and is set out in the 2021 Annual Report.

Resolution 1 provides Shareholders with the opportunity to vote on the Company's Remuneration Report. Under Section 250R(2) of the Act, the Company is required to put the adoption of its Remuneration Report to the vote at the Annual General Meeting and, under section 250SA of the Corporations Act, the Chairman must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. If 25% of the votes are cast against two consecutive annual resolutions for the purposes of section 250R(2), the Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than the managing director) who were in office when the second section 250R(2) resolution was voted on, must stand for re-election.

The Remuneration Report:

- (a) explains the Board's policies in respect of the nature and level of remuneration paid to directors and senior management of the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) explains why the performance conditions were chosen and how performance is measured against them;
- (d) sets out the remuneration details for each director and each member of the Company's senior management team; and
- (e) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives and executive directors.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of Resolution 1 by:

- A member of Key Management Personnel (“KMP”), details of whose remuneration are included in the Remuneration Report; and
- A Closely Related Party of such a member.

However, the Company will not disregard a vote cast in respect of Resolution 1 if it is cast by a person as proxy appointed in writing that directs the proxy how to vote on Resolution 1, and the vote is not cast on behalf of a member of KMP, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member.

If you are a member of the KMP or a Closely Related Party of a member of the KMP (or are acting on behalf of any such person) and purport to cast a vote on Resolution 1 that vote will be disregarded by the Company (as indicated above). Please read the information in the Proxy Form which deals with the Chairman’s voting of proxies on Resolution 1 to adopt the Remuneration Report.

Resolution 2: Re-election of Director – Mr Peter Shann Ford

In accordance with Clause 60 of the Company’s Constitution, Mr Ford retires as a Director by rotation and, being eligible, offers himself for re-election.

Resolution 3: Re-election of Director – Mr Damian Lismore

In accordance with Clause 59 of the Company’s Constitution, Mr Lismore was appointed as a Director of the Company during the year. Pursuant to the Company’s Constitution, Mr Lismore retires and, being eligible, offers himself for re-election.

Resolution 4: Additional Share Issue Capacity under Listing Rule 7.1A

ASX Listing Rule 7.1A enables small to mid-cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over a 12-month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a) it has a market capitalisation of \$300 million or less; and
- b) it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will also satisfy both these criteria at the date of the Meeting. Any equity securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of securities. The Company has only one quoted class of equity securities on issue, being ordinary shares.

Accordingly, Resolution 4 seeks Shareholder approval by special resolution for the issue of such number of ordinary shares as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3, to such persons as the Board may determine, on the terms as described in this Explanatory Statement, which forms part of the Notice of Meeting.

At the date of this Notice, the Company has on issue 83,545,490 ordinary shares. If Resolution 4 is approved the Company will have the capacity to issue:

- (i) 12,531,823 ordinary shares under ASX Listing Rule 7.1; and
- (ii) 8,354,549 ordinary shares under ASX Listing Rule 7.1A.

In addition to issues under rule 7.1, an eligible entity which has obtained the approval of the holders of its ordinary securities under this rule 7.1A may, during the period of the approval, issue or agree to issue a number of equity securities calculated in accordance with the following formula:

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

where:

- A** = 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 Rules 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.
- D** = 10%;
- E** = the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under rule 7.4; and
"relevant period" has the same meaning as in rule 7.1."

The effect of Resolution 4 will be to allow the Directors to issue the ordinary shares under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the ordinary shares will be issued will be no less than 75% of the volume weighted average market price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a) the date on which the price at which the ordinary shares are to be issued is agreed; or
 - b) if the ordinary shares are not issued within ten trading days of the date in paragraph (a), the date on which the ordinary shares are issued.
- If Resolution 4 is approved by Shareholders and the Company issues ordinary shares under the 10% Placement Facility, the existing Shareholders face the risk of economic and voting dilution as a result of the issue of ordinary shares which are the subject of this Resolution, to the extent that such ordinary shares are issued, including:
 - a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
 - b) the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date, or the ordinary shares may be issued as part consideration for the acquisition of a new asset,which may have an effect on the amount of funds raised by the issue of the ordinary shares.
- The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of ordinary shares and the current number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the 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 shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares 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 ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

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

No. of Shares on Issue ¹	Dilution			
	Issue price (per Share)	\$0.335 50% decrease in Issue Price	\$0.67 Issue Price	\$1.34 100% increase in Issue Price
83,545,490 (Current)	Shares issued	8,354,549	8,354,549	8,354,549
	Funds raised	\$2,798,774	\$5,597,548	\$11,195,096
125,318,235 (50% increase)	Shares issued	12,531,824	12,531,824	12,531,824
	Funds raised	\$4,198,161	\$8,396,322	\$16,792,643
167,090,980 (100% increase)	Shares issued	16,709,098	16,709,098	16,709,098
	Funds raised	\$5,597,548	\$11,195,096	\$22,390,191

The table has been prepared on the following assumptions:

- (i) Resolution 4 is approved.
 - (ii) The Company issues the maximum number of ordinary shares available under the 10% Placement Facility in Listing Rule 7.1A.
 - (iii) No options over ordinary shares are exercised before the date of issue of ordinary shares under Listing Rule 7.1A.
 - (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 ordinary shares under ASX Listing Rule 7.1A, not under the 15% placement capacity available under ASX Listing Rule 7.1.
 - (vi) The Issue Price is \$0.67, being the trading price of the ordinary shares on ASX on 27 August 2021.
- If any of the ordinary shares being approved by this resolution are issued, they will be issued during the Placement Period, that is, within 12 months of the date the AGM, i.e by 13 October 2022, and the approval being sought by this resolution will cease to be valid if Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2 prior to 13 October 2022.
 - The ordinary shares will be issued as consideration for the purpose of raising working capital for the Company and establishing and consolidating new sales, distribution and licensing opportunities for the Company's range of products and services for the benefit of all Shareholders.
 - The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 upon issue of any ordinary shares.
 - 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 allottees of any ordinary shares that may be issued (subject to Shareholder approval of Resolution 4) have not been determined as at the date of this Notice, but may include existing Shareholders as well as new Shareholders who are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - the methods of raising funds that are available to the Company and balancing interest from potential allottees with the interests of existing Shareholders;

- the effect of the issue of the ordinary shares on the control of the Company. Allocation will be subject to takeover thresholds;
- the financial situation and solvency of the Company and its projected need for working capital at any given time; and
- advice from corporate, financial and broking advisors (if applicable).

The Company has not issued or agreed to issue any equity securities under Listing Rule 7.1A.2 in the 12 months preceding the 2021 AGM.

Resolution 4 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 4 must be in favour of the resolution.

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of such a person. However, this does not apply to a vote cast in favour of Resolution 4 by a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote that way.

A form of proxy accompanies this Notice of Annual General Meeting.