



Anteo Diagnostics Limited
(ABN 75 070 028 625)

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Anteo Diagnostics Ltd (“Anteo” or the “Company”) for 2013 will be held on **Thursday, 31st October 2013 at 3pm** (Sydney time) at the office of **Grant Thornton, Level 19, 2 Market Street, Sydney**. The Explanatory Memorandum accompanying this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company as at 7pm (Sydney time) on **Tuesday 29th October, 2013**.

Terms and abbreviations used in this Notice are defined in the Glossary to the Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2013 and the related Directors’ Report, Directors’ Declaration and Auditors’ Report.

RESOLUTION 1: ADOPTION OF DIRECTORS’ REMUNERATION REPORT

“To adopt the Directors’ Remuneration Report for the year ended 30 June 2013.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company (including Directors) (“KMP”), or their closely related parties, as well as any undirected votes given to a KMP as proxyholder. However the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

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

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RESOLUTION 2: ELECTION OF DIRECTOR (Mr John Hurrell)

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

“That Mr John Hurrell, having being appointed in accordance with the Company’s Constitution as a director of the Company to fill a casual vacancy until the next general meeting, retires and, being eligible offers himself for election, is hereby elected as a director of the Company”.

RESOLUTION 3: RE-ELECTION OF DIRECTOR (Mr Mark Bouris)

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

“That Mr Mark Bouris, who retires in accordance with clause 20.2 of the Company’s Constitution and, being eligible, offers himself for re-election, is hereby re-elected a director of the Company”.

RESOLUTION 4: ISSUE OF 3,000,000 OPTIONS (Mr John Hurrell)

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

“That, pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Mr John Hurrell, options to subscribe for 3,000,000 fully paid ordinary shares in the capital of the Company at an exercise price of 12 cents per share, and otherwise on the terms set out in the Explanatory Memorandum accompanying the Notice of Annual General Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by directors of the Company or their associates. However, the Company need not disregard a vote if it is cast by directors of the Company or their associates:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) it is cast by the Chair as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: ISSUE OF 6,000,000 OPTIONS (Dr Geoff Cumming)

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

“That, pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14 and for all other purposes, the Company approves and authorises the Directors of the Company to issue to or for the benefit of Dr Geoff Cumming, options to subscribe for 6,000,000 fully paid ordinary shares in the capital of the Company at an exercise price equal to, the greater of 12c or 40% above the 30 day VWAP of the trading price on ASX of the Company’s fully paid ordinary shares calculated as at the 31st October 2013, and otherwise on the terms set out in the Explanatory Memorandum accompanying the Notice of Annual General Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by directors of the Company or their associates. However, the Company need not disregard a vote if it is cast by directors of the Company or their associates:

- (a) as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or

- (b) it is cast by the Chair as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: APPROVAL OF 10% PLACEMENT FACILITY

To consider, and if thought fit, pass 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 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 Statement: The Company will disregard any votes cast on Resolution 6 by a person who may participate in the proposed issue under the 10% Placement Facility, a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 6 is passed, and any associates of the aforementioned 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 the 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.

The Chairman of the Annual Meeting intends to vote all available proxies in favour of Resolution 6.

DATED: 2nd October 2013

By order of the Board.

A handwritten signature in black ink, appearing to read "Richard S. Martin". The signature is written in a cursive, flowing style.

Richard Martin
Director

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NOTES:**Explanatory Memorandum**

The Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act and the Company's Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of members) as at 7pm (Sydney time) on Tuesday 29th October 2013.

Proxy votes

A Shareholder entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in their place.

Where more than one (1) proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a Shareholder.

A form of proxy must be signed by the Shareholder or the Shareholder's attorney.

Proxies must reach the Company at least forty eight (48) hours before the meeting at which the person named in the Proxy Form proposes to vote (ie not later than 3pm (Sydney time) on Tuesday 29 October 2013.

The address for lodgement of proxies is:

Delivery Address:	Postal Address:	Fax Number:
Anteo Diagnostics Limited c/- Boardroom Pty Ltd Level 7 207 Kent Street Sydney NSW 2000	Anteo Diagnostics Limited c/- Boardroom Pty Ltd GPO Box 3993 Sydney NSW 2001	+61 2 9290 9655

Power of Attorney

If a proxy is signed by a Shareholder 's attorney, the Shareholder 's attorney confirms that he has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received at least forty eight (48) hours before the meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Questions for the Auditor

Under section 250PA of the Corporations Act, Shareholders may submit written questions for the auditor up to five business days before the date of the Annual General Meeting. Shareholders wishing to do so may send their questions to the Company c/- Level 5, 56 Pitt Street Sydney NSW 2000, and the Company will pass them on to the auditor.

2013 Annual Report

Copies of the Company's 2013 Annual Report for the financial year ending 30 June 2013 ("**Annual Report**") comprising the Annual Financial Reports, Directors' Report and Auditor's Report of the Company and the Company's controlled entities will be distributed to those Shareholders requesting a physical copy of these documents. The Company's Annual Report is able to be viewed at the Company's website at www.anteodx.com.

Enquiries

Shareholders are invited to contact the Company Secretary, Shane Hartwig on (02) 8651 7804 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM
ANTEO DIAGNOSTICS LIMITED

INTRODUCTION

This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Company's Notice of Annual General Meeting. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Company's Notice of Meeting, for the Company's Annual General Meeting to be held at the office of **Grant Thornton, Level 19, 2 Market Street, Sydney on Thursday 31st October 2013 at 3pm** (Sydney time).

Terms used in this Explanatory Memorandum are defined in the Glossary at page 13 of this Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

The Corporations Act requires that the Financial Report (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting. Although not requiring a vote of Members, an opportunity will be provided for Members to ask questions on the reports, including of the Company's auditor, who will be available to answer Member questions relating to the Audit Report.

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

The Board is committed to creating value for Shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate your Non-Executive Directors.

Your Board is aware of the sensitivities of Shareholders to remuneration practices generally, and submits its remuneration report to Shareholders for consideration and adoption under a non-binding resolution.

The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman 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 express authorisation to vote the proxy in accordance with the Chairman's intention.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution.

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RESOLUTION 2: ELECTION OF DIRECTOR (Mr John Hurrell)

Mr Hurrell having been appointed in accordance with the Company's Constitution as a Director of the Company to fill a casual vacancy until the next general meeting, offers himself for election as a Director of the Company.

Mr Hurrell was appointed as an addition to the Board effective 25 February 2013 and, accordingly, seeks re-election to the Board. Mr Hurrell has over 25 years international leadership experience in the diagnostics industry. He has been instrumental in building and improving the value of a number of life science and healthcare companies and is recognised for developing, rescuing and launching products that have generated in excess of \$6 billion in revenues over a 20-year period. Mr Hurrell has collaborated in joint ventures, developing new biopharma / biodiagnostic technologies, and taken many products from concept through R&D and into full product launch following global regulatory approvals.

Mr Hurrell holds a Ph.D in Biochemistry and Chemistry from the University of Melbourne, was a Fulbright Fellow at Harvard Medical School and has dual US/Australian citizenships.

Directors' Recommendation

The Directors (other than Mr Hurrell) unanimously recommend that Shareholders vote in favour of the re-election of Mr Hurrell.

RESOLUTION 3: RE-ELECTION OF DIRECTOR (Mr Mark Bouris)

Under the Company's Constitution (clause 20.2), one third of Directors (not including the managing director or persons appointed to fill a casual vacancy) must retire from office annually and, if eligible, may offer themselves for re-election.

Accordingly Mr Bouris retires by rotation and seeks re-election to the Board.

Mr Bouris has over 25 years' experience in finance and corporate development and is a highly experienced senior executive. Mr Bouris is founder and Executive Chairman of Yellow Brick Road Ltd, a financial advisory firm, is Chairman of a technology company TZ Limited, and a Director of Eastern Suburbs Leagues Club Limited.

Directors' Recommendation

The Directors (other than Mr Bouris) unanimously recommend that Shareholders vote in favour of the re-election of Mr Bouris.

RESOLUTIONS 4 and 5: ISSUE OF OPTIONS TO DIRECTORS

Shareholder approval is being sought in Resolutions 4 to 5 to grant a total of 9,000,000 Options (each of which confers on the holder the right, but not the obligation, to subscribe for one Share for each Option) to the following Directors:

- (a) 3,000,000 Options are to be issued to or for the benefit of Mr John Hurrell, Non-Executive Director; and
- (b) 6,000,000 Options are to be issued to or for the benefit of Dr Geoff Cumming, Managing Director.

The proposed common terms of the Options are set out in Annexure A to this Explanatory Memorandum.

Industry trends are providing equity incentives to company directors as a means of reducing cash out-flow and giving directors a performance related incentive. The Board considers that the current state of the Company and achievements to date warrant the issue of Options to Directors.

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It is intended that the Options will be issued under the Company's Officers, Consultants and Employees Share Plan ("ESOP") which was approved by shareholders at the 2011 AGM.

The grant of the Options is designed to encourage a greater involvement by Directors in the achievement of the Company's objectives and to provide them with an opportunity to participate in the future growth of the Company through share ownership.

The Company recognises that the grant of the Options to non-executive Directors would not comply with the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. However, under the Company's current circumstances, the Directors consider that the incentive represented by the grant of these Options is a cost effective means of rewarding and incentivising Directors, when compared to alternative forms of incentive such as the payment of additional cash compensation.

The number of Options to be granted to each of the relevant Directors (or their nominee(s)) has been determined based upon a consideration of the following matters.

- (a) Their remuneration – the Directors wish to ensure that the remuneration offered is competitive with market. The Directors have reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of Options to be granted will ensure that the Directors' overall remuneration is in line with market standards.
- (b) The grant of the Options as an incentive to ensure continuity of service.
- (c) Mr Hurrell and Dr Cumming will play a key and integral role in the development of the Company and therefore increasing shareholder value.

Reasons for Shareholder Approval

ASX Listing Rule 10.11 states that a company must not issue, or agree to issue, equity securities (which includes options to acquire shares) to a related party of the Company without the approval of ordinary shareholders under that Rule, unless an exception applies. Each of the Directors is a related party of the Company.

One of the exceptions to ASX Listing Rule 10.11 is that the relevant equity securities are issued to a Director under an employee incentive scheme with ordinary shareholder approval under ASX Listing Rule 10.14. As noted above, it is intended that all of the Options will be issued pursuant to the Company's ESOP (an employee incentive scheme). Accordingly, the Company seeks Shareholder approval for and in relation to the Options under ASX Listing Rule 10.14.

In accordance with ASX Listing Rule 7.2 (Exception 9(a)), if the Options are issued within 3 years after shareholders approved the ESOP the Options (and Shares issued upon the exercise of the Options) will not be counted towards any future calculation of the Company's 15% limit under ASX Listing Rule 7.1 or, in circumstances where ASX Listing Rule 7.1A applies, towards the Company's 10% limit under ASX Listing Rule 7.1A. See section 6.1 for an overview of ASX Listing Rules 7.1 and 7.1A. Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit (which includes the grant of Options) to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Although the issue of Options to the relevant Directors might be said to fall within a nominated exception under the Corporations Act for Shareholder approval (being reasonable remuneration of an officer or employee), your directors consider it prudent to seek Shareholder approval nonetheless under the Corporations Act.

ASX Listing Rules 10.15 information

The following additional information is provided to Shareholders for the purpose of ASX Listing Rule 10.15:

- (a) the persons to whom Options will be issued, and the number to be issued to each of them, are set out earlier in this Explanatory Memorandum;
- (b) the number of Options to be granted is:
 - 3,000,000 to Mr John Hurrell; and
 - 6,000,000 to Mr Geoff Cumming
- (c) the Options are intended to be issued as soon as possible following the Annual General Meeting but in any event within 1 month after the date of the Annual General Meeting;
- (d) the Options will be granted as incentive options and accordingly the Options will be issued for no cash consideration; and
- (e) the exercise price
 - (i) for John Hurrell' s Options this will be 12 cents per Option;
 - (ii) for Geoff Cummings Options this will be the greater of 12c or 40% above the 30 day VWAP of the trading price on ASX of the Company's fully paid ordinary shares calculated as at the 31st October 2013.
- (f) all of the Directors (being, as at the date of this Explanatory Memorandum, Mr Mark Bouris, Dr Geoff Cumming, Mr Richard Martin, Ms Sandra Andersen and Mr John Hurrell) are, subject to individual grants of securities being approved by the Board (and, if required, Shareholders), entitled to be issued securities pursuant to the Company's ESOP;
- (g) the Company is not granting any loan to any Director in relation to the acquisition of Options or the exercise price of the Options; and
- (h) no directors or their associates have been granted options under the ESOP since it was approved at the Company's 2011 AGM.
- (i) Vesting Conditions :
 - (i) John Hurrell: all 3,000,000 options issued to vest immediately upon issue
 - (ii) Geoff Cumming: vesting conditions are:
 - a. 25 % (i.e. 1,500,000) of options to vest 1 year from date of issue
 - b. 25 % (i.e. 1,500,000) of options to vest 2 years from date of issue
 - c. 50 % (i.e. 3,000,000) of options to vest 3 years from date of issue

The Options will not be quoted on ASX.

Related Party Disclosures in Relation to the Grant of Options

The following additional disclosures are made for the purposes of Chapter 2E of the Corporations Act:

- (a) *The nature of the financial benefit*

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The proposed financial benefit to be given is the grant of Options for no cash consideration.

(b) *Valuation of Options*

The Directors have determined the value of the Options using the Hull White Model for Employee Stock Options using a binomial or trinomial lattice. These valuation models use inputs including time to expiration, strike price, value of the underlying financial instrument, expected share volatility, and the risk free interest rate.

The assumptions underlying the Black-Scholes model and used in calculating the value of the Options for John Hurrell were as follows:

Share price (Ps) = \$.057
 Exercise price (E) = \$0.12
 Maximum Option Life (t) = 4 years
 Risk-free rate (r) = 3%
 Expected share volatility (q) ⁽¹⁾ =40%

The assumptions underlying the Hull White Model model and used in calculating the value of the Options for Geoff Cumming were as follows:

Share price (Ps) = \$.057
 Exercise price (E) = be the greater of 12c or 40% above the 30day VWAP".
 Maximum Option Life (t) = 4 years
 Risk-free rate (r) = 3%
 Expected share volatility (q) ⁽¹⁾ =40%

(1) The historical volatility of the listed Forge shares, based on the standard deviation of the continuously compounded rate of return on the shares for the prior six months.

Using this method of valuation the Company has determined a value of \$.0062 for each of the Options to be granted to Geoff Cumming and a value of \$.0059 for each of the Options to be granted to John Hurrell. Accordingly, on the basis of this calculation, the total financial benefit to be given to them amounts to:

Mr Hurrell \$17,700

Dr Cumming \$37,200

(c) *Other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors*

Current Shares and Options on Issue

As at the date of the Notice of Annual General Meeting the Company has the following Shares and options on issue:

Shares	
No. of Shares	Class of Shares
770,351,591	Ordinary shares

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Options		
Number of Options	Option exercise price (per Option)	Option expiry dates
76,786	15.6 cents	9/13
3,656,206	15.6 cents	12/13
71,643	15.6 cents	5/14
71,987	15.6 cents	10/14
3,087,902	15.6 cents	12/14
105,865	15.6 cents	01/15
72,329	8.1 cents	2/15
13,825,000	7.0 cents	11/14
14,400,000	7.0cents	11/14
9,600,000	12.0cents	10/15
3,500,000	12.0cents	10/15
500,000	12.0cents	10/15

Effect of Issue of Options

If any of the Options granted, as proposed above, are exercised the effect would be to dilute the shareholding of existing Shareholders. On a fully diluted basis (i.e. assuming all of the existing options on issue are exercised and no other securities are issued), the Company has an equivalent of 828,319,309 Shares. The issue of 9,000,000 Shares upon the exercise of the Options would result in a dilution of 1.09 % (i.e. 9,000,000 Shares expressed as a percentage of the expanded Share capital of 828,319,309 Shares).

The market price of the Company's Shares during the period of the Options will normally determine whether or not the Option holder will exercise the Options. At the time any Options are exercised and Shares are issued pursuant to their exercise, the Shares may be trading at a price which is higher than the exercise price of the Options.

Anteo Share Price

The highest price of Shares trading on ASX during the past 12 months prior to 18th September was \$.074 which occurred on 11th June 2013 and the lowest price of Shares trading on ASX during the past 12 months prior to 18 September 2013 was \$.047 which last occurred on 24th April 2013 The most recent closing price of Shares trading on the ASX prior to the date of the Notice of Annual General Meeting was \$.060 which occurred on the 20th September 2013.

Other Remuneration of the Directors

The other remuneration currently being received by Dr Cumming and Mr Hurrell (and expected to continue in the future) is set out below:

Director	Salary per annum (Cash)	Director Fees per annum (cash)
Dr Geoff Cumming	\$400,000 plus SGC	Nil
Mr John Hurrell	Nil	\$50,000

The Company also provided information in relation to the Directors' remuneration in its Annual Reports.

Role of Board with respect to Remuneration Matters

The number of Options to be issued to the relevant Directors was chosen by the Board who considers the remuneration matters for the Company in order to provide them with an appropriate mix of cash remuneration and remuneration by way of Options. The Options component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all Shareholders.

It is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Options.

Effect on Earnings

There will be an effect on the Company's earnings for the period to 30th June 2014 in that the Company will likely recognise a share based payment expense in the Company's Profit and Loss Statement of \$9,150. This will have a corresponding increase in the Retained Losses in the Company's Balance Sheet as at 30th June 2014. The remaining \$ 45,750 will be amortised over the period 01 July 2014 to 31st October 2017.

Shares and Options held by Directors

The Shares and options currently held directly and indirectly by all Directors as at the date of the Notice of Annual General Meeting are set out below:

Director	Shares	Number of options held prior to issue of Options	Percentage of Share capital on a fully diluted basis prior to issue of Options	Number of Shares and options held after issue of Options	Percentage of Share Capital on a fully diluted basis after issue of Options
Dr Geoff Cumming	8,500,000	13,000,000	1.27%	27,500,000	3.32%
Mr John Hurrell	nil	nil	n/a	3,000,000	0.36%
Mr Bouris	nil	5,000,000	.65%	5,000,000	0.60%
Ms Andersen	nil	3,000,000	.39%	3,000,000	0.36%
Mr Martin	nil	3,000,000	.39%	3,000,000	0.36%

Directors' Recommendations

In relation to Resolutions 4 and 5, each Director (other than the Director to whom the Options are to be issued under the particular Resolution relating to them):

- (a) recommends that Shareholders vote in favour of Resolutions 4 and 5 for reasons set out above; and
- (b) confirms they have no interest in the outcome of the relevant Resolution.

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In relation to the Director to whom the Options are to be issued in each instance under Resolutions 4 and 5 (as applicable), that Director:

- (a) did not vote on the specific matter (namely the proposed issue to or for the benefit of him of Options) at the meeting of the Board that was held to consider the proposed issue of Options to Directors; and
- (b) makes no recommendation because he has an interest in the outcome of that Resolution, namely the proposed issue to or for the benefit of him of Options.

The Directors confirm that, to their knowledge, the Notice of Annual General Meeting and this Explanatory Memorandum contain all information that is known to the Company and the Directors, that is reasonably required by the Shareholders in order to decide whether or not it is in the Company's interest to pass Resolutions 4 and 5.

RESOLUTION 6: APPROVAL OF 10% PLACEMENT FACILITY

General

Listing Rule 7.1A permits an "eligible entity" which has obtained shareholder approval by special resolution passed at an annual general meeting to issue "equity securities" (as defined in the Listing Rules and which includes shares and options to acquire shares) up to 10% of its issued share capital through placements over a maximum 12 month period after the relevant annual general meeting (the **10% Placement Facility**).

The issue of equity securities under the 10% Placement Facility would be in addition to the Company's ability to issue equity securities without Shareholder approval under Listing Rule 7.1. Broadly, Listing Rule 7.1 permits the Company to issue up to 15% of its issued equity capital without Shareholder approval over a 12 month period.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that, as at the date of the relevant special resolution under that Rule, is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. If the special resolution were voted on at the date of the Notice, the Company would satisfy the eligible entity requirements, and the Directors believe that the Company would continue to satisfy those requirements on the date of the Annual Meeting.

Whilst the Company has no current intention to raise capital via this 10% Placement Facility, the directors are of the opinion that it is prudent to have such a facility in place to provide flexibility on capital raising alternatives should they be required in the coming 12 months. The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility.

The effect of Resolution 6 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during a maximum period of 12 months after the Annual Meeting without subsequent Shareholder approval and in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 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).

Description of Listing Rule 7.1A

Listing Rule 7.1A came into effect on 1 August 2012. This is the first time that the Company has sought Shareholder approval under that Rule.

(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.

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(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 two classes of equity securities, being Shares and options to subscribe for Shares.

(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 a period of up to 12 months after the date of the annual general meeting (see paragraph (f) below – "10% Placement Period"), a number of equity securities calculated in accordance with the following formula:

(A x D) – E

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or date of agreement to issue:

- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rule 7.1 or 7.4;
- (D) less the number of fully paid ordinary 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 issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rules 7.1 and 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.

At the date of the Notice, the Company has the capacity to issue:

- (i) 115,552,739 equity securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 6, 77,035,159 equity securities under Listing Rule 7.1A.

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 (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 (volume weighted average price) of equity securities in the same class

calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 ASX trading days of the date in paragraph (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; and
- (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),

(the **10% Placement Period**).

Information required by Listing Rule 7.3A

Listing Rule 7.3A sets out a number of matters which must be included in a notice of meeting seeking an approval under Listing Rule 7.1A. The following information is provided for that purpose.

(a) *Minimum Price*

See section e) below.

(b) *Risk of dilution*

Any issue of equity securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue.

There is a risk that:

- (i) the market price for the relevant equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the relevant equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The table below shows the potential dilution of existing Shareholders on the basis of an issue price of \$0.059 (being the market price of Shares as at 18th September 2013) and the current value for the 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, namely by 50% and by 100%. Variable "A" could increase as a result of issues of 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 Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the assumed issue price of \$0.059 has changed: one, where it has decreased by 50% and two, where it has increased by 100%.

		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
		\$0.030	\$0.059	\$0.118
Current Variable "A"	10 % voting dilution	77,035,159 Shares	77,035,159 Shares	77,035,159 Shares
770,351,591	Funds raised	\$2,2,72,537	\$4,545,075	\$9,090,148
50% increase in current Variable "A"	10 % voting dilution	115,552,739 Shares	115,552,739 Shares	115,552,739 Shares
1,155,527,387	Funds raised	\$3,408,806	\$6,817,612	\$13,635,223
100% increase in current Variable "A"	10 % voting dilution	154,070,318 Shares	154,070,318 Shares	154,070,318 Shares
1,540,703,182	Funds raised	\$4,545,074	\$9,090,149	\$18,180,298

The table has been prepared on the following assumptions:

- (i) The Issue Price is \$0.059, being the closing price of the Company's Shares on ASX on 18th September 2013.
- (ii) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
- (iii) No options are exercised into Shares before the date of the issue of the equity securities.
- (iv) The 10% dilution reflects the aggregate percentage voting dilution against the issued Share capital at the time of issue. This is why the dilution is shown in each example as 10%.
- (v) 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 Annual General Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vi) 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.
- (vii) The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (c) *Issue Dates*

The Company will only issue and allot the equity securities under the 10% Placement Facility during the 10% Placement Period.

(d) Purpose of Issues

The Company may seek to issue equity securities under the 10% Placement Facility for the following purposes:

- (i) for cash consideration in which case the Company intends to use the funds raised for further development of its existing products and/or to potentially fund the development of existing products into new markets of interest and general working capital.

The Company will comply with the disclosure obligations under the Listing Rules (eg. Rule 7.1A (4) and 3.10.5A) upon issue of any equity securities under the 10% Placement Facility.

(e) Allocation policy

The Company's allocation policy for the issue of equity securities under the 10% Placement Facility is dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of the 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) alternative methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue 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 circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees of any equity securities that may be issued under the 10% Placement Facility have not been determined as at the date of the 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 resources, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

(f) Previous Approvals under Listing Rule 7.1A

The Company has not previously sought or obtained Shareholder approval under Listing Rule 7.1A. Listing Rule 7.1A came into effect on 1 August 2012. Accordingly, this is the first time that the Company has sought Shareholder approval under that Rule.

(g) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached nor intends to approach any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of any equity securities, and the Company has not formed an intention in relation to how it will decide which parties it might approach to participate in any issue of equity securities that might be made under the 10% Placement Facility. Assuming that remains the case at the time of the Annual Meeting (which the Directors currently believe will be the case), no Shareholder's votes will be excluded under the voting exclusion in the Notice.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

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GLOSSARY

ASX means Australian Securities Exchange Limited.

Board means the board of directors of the Company.

Company or **Anteo** means Anteo Diagnostics Limited (ABN 75 070 028 625).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Meeting means the meeting convened by the Notice.

Notice means the Notice of Meeting accompanying this Explanatory Memorandum.

Options mean options to be issued to Mr John Hurrell and Dr Geoff Cumming pursuant to Resolutions 4 and 5 of the Notice.

Proxy Form means the proxy form for the General Meeting accompanying the Notice.

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

Shareholders means a shareholder of the Company.

VWAP means Volume Weighted Average Price of the Company's Share price as traded on ASX

ANNEXURE A

COMMON OPTION TERMS – RESOLUTIONS 4 and 5

1. No monies will be payable for the issue of the Options.
2. The Options shall expire on the earlier of 4 years from the date of issue ("**Expiry Date**"), or the date which is 3 months after the date of which the Director resigns as a director of the Company.
3. Options may be exercised in whole or in part at any time (and from time to time) in parcels of not less than 1,000 prior to the Expiry Date by notice of exercise to the Company accompanied by the relevant exercise price.
4. The Options are personal to the holder and cannot be assigned or transferred, except with the prior approval of the Board.
5. No application will be made for the Options to be listed for Official Quotation on ASX.
6. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
7. The Company shall make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.
8. If the Options are exercised before the record date of an entitlement, the Option holder can participate in a pro rata issue to the holders of the underlying securities in the Company.
9. The Option holder will not be entitled to vote on resolutions at a meeting of the Company.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. The Option holder does not have a right to participate in new issues without exercising the Options.
12. In the event of any reorganisation of capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
13. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one Option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days on ASX ending on the day before the ex rights date or ex entitlements date.

- S = the subscription price for a security under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

14. Options may be converted into Shares to be held in the name of the Option holder's nominee.