



CardieX Limited

ACN 113 252 234

**Notice of Extraordinary General Meeting and
Explanatory Statement**

TIME: 9.30 am (Australian Eastern Daylight Time)
DATE: Wednesday, 16 February 2022
PLACE: BDO, Level 11, 1 Margaret St, Sydney NSW 2000

This Notice of Meeting and Explanatory Statement 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 without delay.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of CardieX Limited (**Company**) will be held at BDO, Level 11, 1 Margaret St, Sydney NSW 2000 on Wednesday, 16 February 2022 at 9.30 am Australian Eastern Daylight Time for the purposes of transacting the following business.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

SPECIAL BUSINESS


1. RESOLUTION 1: CONSOLIDATION OF CAPITAL

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

“That, pursuant to Section 254H(1) of the Corporations Act, Listing Rule 7.20 and for all other purposes, Shareholders approve the consolidation of the issued share capital of the Company on the basis that every 10 fully paid ordinary Shares be consolidated into one (1) fully paid ordinary Share (rounded up to the next whole number of shares), and that Options and Performance Rights on issue be adjusted in accordance with Listing Rules 7.21 and 7.22 as applicable on the terms and conditions in the attached Explanatory Statement accompanying this Notice.”

DATED: 14 January 2022

BY ORDER OF THE BOARD



Jarrod White
Director

INFORMATION FOR SHAREHOLDERS WITH REGARD TO VOTING ARRANGEMENTS

The following information forms part of the Notice of Extraordinary General Meeting.

Voting Entitlements

For the purpose of the Extraordinary General Meeting, the Company has determined that all securities of the Company that are quoted securities at 9.30 am Australian Eastern Daylight Time on 14 February 2022 will be taken, for the purpose of the EGM, to be held by the persons who were registered holders at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

You may vote by attending the Meeting in person or by proxy. A body corporate can appoint a corporate representative.

Voting in person

To vote in person, attend the Meeting at the place and time specified in the Notice of Meeting.

Voting by corporate representative

Body corporate shareholders should complete a "*Certificate of Appointment of Corporate Representative*" to enable a person to attend the Meeting on their behalf.

Proxies

A Shareholder has the right to appoint a proxy who need not be a Shareholder of the Company.

If a Shareholder is entitled to two or more votes, they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

The Proxy Form (which is enclosed with this Notice of Meeting) and any power of attorney or authority under which they are signed must be received at the share registry of the Company:

c/- Link Market Services Ltd

Locked Bag A14

Sydney South, NSW 1235, Australia or:

At the Company's Registered Office

Suite 303, Level 3

15 Lime Street

Sydney NSW 2000

By Hand

Link Market Services Limited

1A Homebush Bay Drive, Rhodes NSW 2138; or

Level 12, 680 George Street, Sydney NSW 2000 or

By facsimile

to Link Market Services Ltd on +61 (2) 9287 0309 or online at www.linkmarketservices.com.au at least 48 hours prior to the EGM (i.e. by no later than 9.30 am Australian Eastern Daylight Time on 14 February 2022) or any adjournment.

Any Proxy Form received after this deadline, including at the Meeting, will be invalid.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Extraordinary General Meeting to be held at BDO, Level 11, 1 Margaret St, Sydney NSW 2000 on Wednesday, 16 February 2022 at 9.30 am Australian Eastern Daylight Time.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

ASX takes no responsibility for the contents of the Notice or the Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional adviser.

1. RESOLUTION 1: CONSOLIDATION OF CAPITAL

1.1 Background

Resolution 1 seeks Shareholder approval to undertake a consolidation of the number of Shares on issue on the basis that every 10 Shares held be consolidated into one (1) (**Consolidation**). Similarly, the number of Options and Performance Rights on issue will be consolidated on the basis that every 10 Options and Performance Rights held will be consolidated into one (1) Option and Performance Right. The exercise price of the Options and Performance Rights will be amended in inverse proportion to the consolidation ratio.

1.2 Regulatory Requirements

(a) Purpose of proposed resolution

The Directors have proposed the Consolidation for the following reasons:

- (i) the Company currently has 1,099,532,721 shares on issue which represents a relatively large number when compared to its listed peer group;
- (ii) the Directors consider that the Consolidation will assist in reducing the volatility of the Company's share price and enable a more consistent valuation of the Company; and
- (iii) the Consolidation is also expected to assist in positioning the Company for long term growth by making an investment in the Company's securities more attractive to institutional and other investors.

(b) Legal requirements

Section 254H of the Corporations Act provides that a Company may, by resolution passed at a general meeting, convert all or any of its share into a larger or smaller number.

Listing Rule 7.20 provides that where an entity proposes to reorganise its capital, it must tell shareholders:

- (i) the effect of the proposal on the number of securities and the amount paid (if any) on the securities;
- (ii) the proposed treatment of any fractional entitlements; and

- (iii) the proposed treatment of any convertible securities on issue.

Listing Rule 7.21 provides that a listed entity which has convertible securities (except options) on issue may only reorganise its capital if, in respect of the convertible securities, the number of its convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive.

Listing Rule 7.22.1 requires that where a listed entity with options undertakes a consolidation of its capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

(c) Effect of Consolidation

The result of the Consolidation is that each security holding will be reduced by 10 times its current level.

As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

The change in capital structure of the Company following the Consolidation, subject to adjustment for rounding, is as follows:

Shares

	Number*
Shares currently on issue	1,099,532,721
Shares on issue after Consolidation	109,953,273

*Assumes no Options or Performance Rights exercised prior to Consolidation

Options

Options on Issue	Pre Consolidated Number*	Post Consolidated Number on a 1:10 basis*	Pre Consolidated Exercise Price	Post Consolidated Exercise Price
Options Expiring 26/02/2024	3,000,000	300,000	\$0.05	\$0.50
Options Expiring 15/01/2024	15,300,000	1,530,000	\$0.05	\$0.50
Options Expiring 15/02/2026	4,000,000	400,000	\$0.05	\$0.50
Options Expiring 15/02/2026	29,250,000	2,925,000	\$0.08	\$0.80
Options Expiring 11/06/2026	1,250,000	125,000	\$0.08	\$0.80
Total Options	52,800,000	5,280,000	Nmf.	Nmf.

* Assumes no Options exercised or forfeited prior to Consolidation

Performance Rights

Performance Rights [^] on Issue	Pre Consolidated Number ^{**}	Post Consolidated Number on a 1:10 basis ^{**}	Pre Consolidated VWAP Milestone	Post Consolidated VWAP Milestone
Tranche 1 2019 Performance Rights - Expiring 03/03/2022	4,000,000	400,000	\$0.12	\$1.20
Tranche 2 2019 Performance Rights - Expiring 03/03/2022	12,000,000	1,200,000	\$0.15	\$1.50
Tranche 1 2020 Performance Rights - Expiring 11/12/2023	11,000,000	1,100,000	\$0.12	\$1.20
Tranche 2 2020 Performance Rights - Expiring 11/12/2023	11,000,000	1,100,000	\$0.15	\$1.50
Tranche 3 2020 Performance Rights - Expiring 11/12/2023	24,500,000	2,450,000	\$0.20	\$2.00
Tranche 4 2020 Performance Rights - Expiring 11/12/2023	57,000,000	5,700,000	\$0.25	\$2.50
Tranche 5 2020 Performance Rights - Expiring 11/12/2023	57,000,000	5,700,000	\$0.50	\$5.00
Total Performance Rights	176,500,000	17,650,000	Nmf.	Nmf.

[^] All Performance Rights have NIL price to Exercise, and are subject to the achievement of VWAP based share price Milestones being achieved to trigger a vesting event

^{**} Assumes no Performance Rights vest or forfeited prior to Consolidation

(d) Fractional entitlements

Where the Consolidation results in an entitlement to a fraction of a Share, Option or Performance Right, that fraction will be rounded up to the nearest whole number of Shares, Options or Performance Rights.

(e) Holding statements

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

(f) Taxation

The Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Consolidation will be the sum of the cost bases of the original Shares pre-consolidation. The acquisition date of Shares held after the Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Statement does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Consolidation.

1.3 Timetable

An indicative timetable, assuming Shareholder approval is obtained will be as follows:

Date	Event
14 January 2022	Announcement of Consolidation and issue of Appendix 3A.3 notice
16 February 2022	Meeting held with Resolution to approve Consolidation Company notifies ASX that Consolidation is approved
16 February 2022	Effective Date of Consolidation
17 February 2022	Last day for trading pre-consolidation securities.
18 February 2022	Trading in the reorganised securities on a deferred settlement basis starts.
21 February 2022	Record Date for Consolidation. Last day for Company to register transfers on a pre-consolidation basis.
22 February 2022	Registration of securities on a post-consolidation basis. First day for the Company to send notice to each security holder and for dispatch of new holding statements. In the case of Options or Performance Rights, first day for the Company to issue new certificates.
28 February 2022	Deferred settlement trading ends. Last day for the Company to send notice to all Shareholders. Last day for securities to be entered into the holders' security holdings
1 March 2022	Normal trading in reorganised securities starts

1.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

Glossary



ASX means ASX Limited or the securities market operated by ASX Limited, as the context requires;

Board means the board of Directors;

Chair means the chair of the Meeting;

Company means CardieX Limited ABN 62 113 252 234;

Consolidation means the consolidation of the Shares in the manner described in section 1.1;

Constitution means the constitution of the Company;

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

Director means a director of the Company;

Explanatory Statement means the explanatory statement that accompanies this Notice of Extraordinary General Meeting;

Listing Rules means the official listing rules of ASX

Meeting or **Extraordinary General Meeting** means the general meeting convened by this Notice of Extraordinary General Meeting;

Notice or **Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of Extraordinary General Meeting;

Option means an option to acquire an unissued Share.

Performance Right means an entitlement to a Share subject to the satisfaction of performance conditions;

Resolution means a resolution contained in this Notice;

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

Shareholder means the holder of a Share.