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**SKIN ELEMENTS LIMITED**  
**ACN 608 047 794**

**NOTICE OF ANNUAL GENERAL MEETING**

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**The Annual General Meeting of the Company will be held at 1242 Hay Street, West Perth, Western Australia on Friday 29 January 2021 at 11.00AM (AWST).**

*Skin Elements Limited (the Company) advises Shareholders that the Meeting will be held in compliance with the Australian government's restrictions on public gatherings. Due to the rapidly evolving COVID-19 situation, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person. Proxy forms for the meeting should be lodged before 11.00AM (AWST) on Wednesday 27 January 2021.*

*The health and safety of shareholders, the Company's personnel and other stakeholders is the highest priority. Based on the best information available to the Board, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to vote by voting online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by lodging the associated proxy form to the Notice. Shareholders will be able to vote at the Meeting by either lodging a Proxy Form prior to the Meeting, or by poll during the Meeting.*

*Shareholders can also submit and are encouraged to submit any questions in advance of the Meeting by emailing the questions to [peter@senatural.com](mailto:peter@senatural.com) by no later than 11.00am (WST) on Friday 22 January 2021. If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform.*

*This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stock broker, investment advisor, 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 6311 1900.***

**SKIN ELEMENTS LIMITED**  
**ACN 608 047 794**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of shareholders of Skin Elements Limited (**Company**) will be held at 1242 Hay Street, West Perth, Western Australia on Friday 29 January 2021 at 11.00AM (AWST) (**Meeting**).

The Explanatory Memorandum 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 regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday 27 January 2021 at 4.00PM (AWST).

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

**AGENDA**

**ANNUAL REPORT**

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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**1. RESOLUTION 1 - REMUNERATION REPORT**

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

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

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

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

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

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson voting an undirected proxy which expressly authorises the Chairperson to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

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**2. RESOLUTION 2 - RE-ELECTION OF MR FILIPPO (PHIL) GIGLIA AS A DIRECTOR**

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

*"That, pursuant to and in accordance with Listing Rule 14.4, article 13.2 of the Constitution and for all other purposes, Mr Phil Giglia, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**3. RESOLUTION 3 - ELECTION OF MR ALEX JOHN POULSEN AS A DIRECTOR**

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

*"That, pursuant to and in accordance with Listing Rule 14.4, article 13.4 of the Constitution and for all other purposes, Mr Alex John Poulsen, a Director who was appointed by the Directors on 29 October 2020, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES TO TITAN SECURITIES PTY LTD – LISTING RULE 7.1**

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 2,500,000 Shares to Titan Securities Pty Ltd which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1 on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by Titan Securities Pty Ltd or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodian or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and
  - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

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**5. RESOLUTION 5 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO MANDALUP INVESTMENTS PTY LTD – LISTING RULE 7.1**

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 5,000,000 Shares and 3,000,000 Options (free attaching) to Mandalup Investments Pty Ltd which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1 on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by Mandalup Investments Pty Ltd or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (d) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this; or
- (e) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (f) a Shareholder acting solely in a nominee, trustee, custodian or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and
  - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

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**6. RESOLUTION 6 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO LAKEHOUSE ENTERPRISES PTY LTD – LISTING RULE 7.1**

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 12,500,000 Shares and 9,375,000 Options (free attaching) to Lakehouse Enterprises Pty Ltd which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1 on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by Lakehouse Enterprises Pty Ltd or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (g) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this; or

- (h) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (i) a Shareholder acting solely in a nominee, trustee, custodian or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and
  - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

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**7. RESOLUTION 7 - RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1A**

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 20,800,000 Shares which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodian or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associated of a person excluded from voting on this Resolution; and
  - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

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**8. RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY**

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the*

*Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of, if at the time the approval is sought the Company is proposing to make an issue of equity securities under Listing Rule 7.1A.2, any 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 Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodian or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

*Note: As at the date of this Notice, it is not known who may participate in any Equity Securities issued under this Resolution and the Company has not approached any Shareholder or identified a class of existing Shareholders to participate in any issue of Equity Securities under the 10% Placement Facility. Accordingly, no Shareholders are excluded from voting on this Resolution.*

Dated: 23 December 2020

By order of the Board



Steven Wood  
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 1242 Hay Street, West Perth, Western Australia on Friday 29 January 2021 at 11.00AM (AWST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Remuneration Report
Section 5:	Resolution 2 – Re-Election of Mr Filippo (Phil) Giglia as a Director
Section 6:	Resolution 3 – Election of Mr Alex John Poulsen as a Director
Section 7:	Resolution 4 – Ratification of Prior Issue of Shares to Titan Securities Pty Ltd – Listing Rule 7.1
Section 7:	Resolution 5 – Ratification of Prior Issue of Shares and Options to Mandalup Investments Pty Ltd – Listing Rule 7.1
Section 7:	Resolution 6 – Ratification of Prior Issue of Shares and Options to Lakehouse Enterprises Pty Ltd – Listing Rule 7.1
Section 8:	Resolution 7 – Ratification of Prior Issue of Shares – Listing Rule 7.1A
Section 9:	Resolution 8 – Approval of 10% Placement Facility
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of SKNOA Options
Schedule 3:	Terms and Conditions of SKNUOA Options
Schedule 4:	Securities issues under Listing Rule 7.1A.2 in the previous 12 months

A Proxy Form is located at the end of the Explanatory Memorandum.

### **2. ACTION TO BE TAKEN BY SHAREHOLDERS**

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

#### **2.1 Proxies**

A Proxy Form is attached to 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 set out in the Proxy Form. Returning the Proxy Form to the Company will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder and
- (c) a Shareholder 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than Wednesday 27 January 2021 at 11.00AM (AWST), being at least 48 hours before the Meeting.

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

## **2.2 Attendance at the Meeting**

The Company advises Shareholders that the Meeting will be held in compliance with the Australian government's restrictions on public gatherings.

Due to the rapidly evolving COVID-19 situation, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person. Proxy Forms for the meeting should be lodged before 11.00AM (AWST) on Wednesday 27 January 2021.

The Company has made arrangements for Shareholders who wish to participate in the Meeting.

Shareholders can also submit any questions in advance of the Meeting by emailing the questions to peter@senatural.com by no later than 11.00AM (AWST) on Friday 22 January 2021.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform.

## **2.3 Voting Prohibition by Proxy Holders (Remuneration Report)**

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

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

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

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

A vote on Resolution 1 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution 1; or



- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 1, but expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected with the remuneration of a member of the Key Management Personnel.

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### 3. ANNUAL REPORT

In accordance with section 317(1) of the Corporations Act, the Annual Report for the financial year ended 30 June 2020 must be laid before the Meeting.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.skinelementslimited.com](http://www.skinelementslimited.com);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Auditor about:

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

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

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### 4. RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the Company's remuneration policy and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

If a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2019 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and if a

second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**5. RESOLUTION 2 – RE-ELECTION OF MR PHIL GIGLIA AS A DIRECTOR**

Listing Rule 14.4 requires an election of directors to be held at each annual general meeting.

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in the case of doubt to the nearest whole number) to retire at each annual general meeting.

Article 13.2 of the Constitution also states that a Director who retires under this article is eligible for re-election.

Resolution 2 provides that Phil Giglia retires by rotation and seeks re-election as Director.

Details of Phil Giglia's background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Directors (excluding Mr Giglia) recommend that Shareholders vote in favour of Resolution 2.

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**6. RESOLUTION 3 – ELECTION OF MR ALEX JOHN POULSEN AS A DIRECTOR**

Article 13.4 of the Constitution gives the Directors authority to appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Article 13.4 also states that any Director so appointed holds office only until the next following general meeting and is then eligible for re-election.

Listing Rule 14.4 provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Mr Poulsen was appointed by the Directors as a Director on 29 October 2020.

Resolution 3 provides that Alex John Poulsen retires and seeks re-election as a Director.

Details of Alex John Poulsen's background and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Directors (excluding Mr Poulsen) recommend that Shareholders vote in favour of Resolution 3.

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## **7. RESOLUTIONS 4, 5 AND 6 - RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1**

### **7.1 General**

Resolution 4 seeks Shareholder approval to ratify the prior issue of 2,500,000 Shares to Titan Securities Pty Ltd. The Shares were issued pursuant to a Lead Manager Agreement as consideration for lead managing the Company's entitlement offer of five new shares for every nine shares held at the record date at an issue price of \$0.01 per new share (together with one free attaching Option for every three new shares issued (**Entitlement Offer**)).

Resolution 5 seeks Shareholder approval to ratify the prior issue of 5,000,000 Shares and 3,000,000 Options (free attaching) to Mandalup Investments Pty Ltd. The Shares and Options were issued pursuant to a placement at an issue price of \$0.01 per Share to raise \$50,000.

Resolution 6 seeks Shareholder approval to ratify the prior issue of 12,500,000 Shares and 9,375,000 Options (free attaching) to Lakehouse Enterprises Pty Ltd. The Shares and Options were issued pursuant to the convertible loan note issued at a conversion price of \$0.016. The convertible note was issued for a total value of \$200,000.

None of the parties who were issued securities are related parties of the Company.

Resolutions 4, 5 and 6 seek Shareholder approval to ratify the Shares and Options issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1. Resolutions 4, 5 and 6 are ordinary resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 4, 5 and 6.

### **7.2 ASX Listing Rules**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Shares and Options does not fall within an exception to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under that rule. The Company confirms that the issue of the Shares did not breach Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolutions 4, 5 and 6 seek Shareholder approval for the purposes of Listing Rule 7.4.

If Resolutions 4, 5 and 6 are passed, the issue of Shares and Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of

equity securities it can issue without Shareholder approval over the 12 month period following the relevant issue dates (as applicable).

If Resolutions 4, 5 and 6 are not passed, the issue of Shares and Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the relevant issue dates (as applicable).

### 7.3 Information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 4, 5 and 6:

- (a) the number of Shares and Options that were issued to the following parties are set out in the table below;

<b>Resolution</b>	<b>Name</b>	<b>Number of Shares</b>	<b>Number of Options</b>
Resolution 4	Titan Securities Pty Ltd	2,500,000	Nil
Resolution 5	Mandalup Investments Pty Ltd	5,000,000	3,000,000
Resolution 6	Lakehouse Enterprises Pty Ltd	12,500,000	9,375,000
<b>Total</b>		<b>20,000,000</b>	<b>12,375,000</b>

- (b) a total of 20,000,000 Shares and 12,375,000 Options were issued;
- (c) the Shares issued rank equally with existing Shares on issue. The Options issued to Lakehouse Enterprises were issued pursuant to the SKNOA Option Terms and Conditions. Refer to Schedule 2 for the SKNOA Option Terms and Conditions. The Options issued to Mandalup Investments Pty Ltd were issued pursuant to the SKNUOA Option Terms and Conditions. Refer to Schedule 3 for the SKNUOA Option Terms and Conditions;
- (d) the Shares issued to Lakehouse Enterprises Pty Ltd were issued on 31 December 2019 and the Shares issued to Titan Securities Pty Ltd and Mandalup Investments Pty Ltd were issued on 20 March 2020;
- (e) the Shares issued to Lakehouse Enterprises Pty Ltd were issued at a conversion price of \$0.016 per Share and the Shares issued to Mandalup Investments Pty Ltd were issued at \$0.01 per Share. The Shares issued to Titan Securities Pty Ltd were issued as part consideration for lead managing the Entitlement Offer. The Options were issued for nil consideration;
- (f) the securities in respect of:
- (i) Resolution 4 were issued pursuant to a Lead Manager Agreement as consideration for lead managing the Entitlement Offer. No funds raised in relation to the Shares issued to Titan Securities Pty Ltd as they were issued

as consideration for lead manager services provided by Titan Securities Pty Ltd to the Company;

- (ii) Resolution 5 were issued pursuant to a placement at an issue price of \$0.01 per Share, raising \$50,000. The funds raised were used in corporate, development and marketing activities, including the expansion of its Soleo Organics sunscreen range and the commencement of the Invisi Shield Sanitiser project; and
  - (iii) Resolution 6 were issued pursuant to the convertible loan note issued at a conversion price of \$0.016. The funds raised were used for corporate documentation and due diligence expenses associated with the Henan Huatoa Health Management Ltd (HHHM) China distribution project;
- (g) the following Shares and/or Options were issued pursuant to an agreement:
- (i) the Shares issued to Titan Securities Pty Ltd were issued pursuant to a Lead Manager Agreement dated 16 January 2020. Pursuant to the Lead Manager Agreement, Titan Securities Pty Ltd was engaged to assist in the management of the Entitlement Offer. In consideration for its services, Titan Securities Pty Ltd was entitled to a fee equal to 7% of the underwritten amount of the Entitlement Offer (paid in cash) and the issue of 2,500,000 Shares subject to the Listing Rules; and
  - (ii) the Shares and Options issued to Lakehouse Enterprises Pty Ltd were issued pursuant to a Converting Loan Agreement dated 28 November 2019. Pursuant to the Converting Loan Agreement, Lakehouse Enterprises Pty Ltd. Pursuant to the Converting Loan Agreement, Lakehouse Enterprises Pty Ltd agreed to subscribe for an unsecured convertible note in the Company for \$200,000. The convertible note is unlisted, not interest bearing and is freely transferrable. The convertible note converts into Shares at a conversion price of \$0.016 (and three free attaching Options for every four Shares issued) at either the election of Lakehouse Enterprises Pty Ltd or automatically on 31 December 2019.
- (h) a voting exclusion statement is included in the Notice for Resolutions 4, 5 and 6.

#### 7.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 4, 5 and 6.

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### 8. RESOLUTION 7 - RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1A

#### 8.1 General

On 23 March 2020, the Company announced a placement of 24,800,000 Shares to sophisticated and professional investors to raise \$310,000 (**Placement**).

None of the parties who were issued securities are related parties of the Company.

Resolution 7 seeks Shareholder approval to ratify 20,800,000 Shares issued under the Placement in accordance with the Company's placement capacity under ASX Listing Rule 7.1A (**Placement Shares**). Resolution 7 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

## 8.2 ASX Listing Rules

Listing Rule 7.1A enables an eligible entity to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting, the 10% placement facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

On 29 November 2019, Shareholders approved the Company having the additional capacity to issue equity securities in an amount up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1A. The Company confirms that the issue of the Placement Shares did not breach Listing Rule 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1A. To this end, Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 7.4.

If Resolution 7 is passed, the issue of the Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 7 is not passed, the issue of the Placement Shares will be included in calculating the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

## 8.3 Information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the Placement Shares were issued to:

Name	Number of Shares
State Securities Pty Ltd	8,000,000
Bay Road Nominees Pty Ltd	4,800,000
Lakehouse Enterprises Pty Ltd	4,000,000
Douglas Lake Pty Ltd	4,000,000
<b>Total</b>	<b>20,800,000</b>

- (b) a total of 20,800,000 Shares were issued;
- (c) the Placement Shares issued rank equally with existing Shares on issue;
- (d) the Placement Shares were issued on 20 March 2020;
- (e) the Placement Shares were issued at a price of \$0.0125 per Share;

- (f) the Placement Shares were issued to sophisticated and professional investors to raise \$310,000. The funds raised were used in corporate, development and marketing activities, including the expansion of its Soleo Organics sunscreen range and the commencement of the Invisi Shield Sanitiser project;
- (g) none of the Shares the subject of this Resolution 7 have been issued pursuant to an agreement; and
- (h) a voting exclusion statement is included in the Notice for Resolution 7.

#### **8.4 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of this Resolution 7.

### **9. RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY**

#### **9.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation, as at 22 December 2020, of \$28.7 million.

The Company is seeking Shareholder approval to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.2(c)).

If Resolution 8 is passed, the Company will be able to issue Equity Securities under Listing Rule 7.1A up to 10% of its issued share capital over a 12 month period after the annual general meeting, in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not be able to access the 10% Placement Facility to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval under Listing Rule 7.1.

Resolution 8 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).

The Chairperson intends to exercise all available proxies in favour of Resolution 8.

#### **9.2 Listing Rule 7.1A**

- (a) **Shareholder approval**

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

(b) **Equity Securities**

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

The Company, as at the date of the Notice, has on issue two quoted classes of Equity Securities:

- (i) Shares; and
- (ii) SKNOA Options.

(c) **Formula for calculating 10% Placement Facility**

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

**(A x D) – E**

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

- (i) plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (ii) plus the number of Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - (A) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - (B) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- (iii) plus the number of Shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - (A) the agreement was entered into before the commencement of the relevant period; or
  - (B) the agreement was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or 7.4;
- (iv) plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or 7.4;
- (v) plus the number of partly paid ordinary shares that became fully paid in the relevant period;
- (vi) less the number of Shares cancelled in the relevant period.

*Note that A is 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 relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

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

At the date of the Notice, the Company has on issue 325,517,632 Shares and therefore has a capacity to issue:

- (i) 48,827,644 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 8, 32,551,763 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 9.2(c)).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class as an existing quoted class of the Company's Equity Securities calculated over the 15 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 10 Trading Days of the date in paragraph 9.2(e)(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;
- (ii) the time and date of the entity's next annual general meeting; or
- (iii) the time and date of Shareholder approval 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**).

### 9.3 **Effect of Resolution**

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

#### 9.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) Shareholder approval will be valid during the 10% Placement Period as detailed in Section 9.2.
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (d) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (e) The table also shows:
- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0425 50% decrease in Issue Price	\$0.085 Issue Price	\$0.17 100% increase in Issue Price
Current Variable A 337,747,953 Shares	10% Voting Dilution	33,774,795 Shares	33,774,795 Shares	33,774,795 Shares
	Funds raised	\$1,435,429	\$2,870,858	\$5,741,715
50% increase in current Variable A 506,621,930 Shares	10% Voting Dilution	50,662,192 Shares	50,662,192 Shares	50,662,192 Shares
	Funds raised	\$2,153,143	\$4,306,286	\$8,612,573
100% increase in current Variable A 675,495,906 Shares	10% Voting Dilution	67,549,591 Shares	67,549,591 Shares	67,549,591 Shares
	Funds raised	\$2,870,858	\$5,741,715	\$11,483,430

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iii) 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.
  - (iv) 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.
  - (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vi) The issue price is \$0.085 being the closing price of the Shares on ASX on 22 December 2020.
- (f) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 8 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).

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- (g) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
  - (h) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon issue of any Equity Securities.
  - (i) 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 subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
    - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
    - (ii) the effect of the issue of the Equity Securities on the control of the Company;
    - (iii) the financial situation and solvency of the Company; and
    - (iv) advice from corporate, financial and broking advisers (if applicable).
  - (j) The subscribers 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 a related party or an associate of a related party of the Company.
  - (k) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 29 November 2019. In the 12 months preceding the date of this Meeting, the Company issued 26,800,000 Equity Securities under Listing Rule 7.1A.2 and this represents 9.8% of the total number of Equity Securities on issue at the commencement of that 12 month period. Details of each issue of Equity Securities by the Company during the 12 months preceding the date of this Meeting are set out in Schedule 4.
  - (l) A voting exclusion statement is included in the Notice for Resolution 8. However as at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

## 9.5 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8.

## SCHEDULE 1: DEFINITIONS

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

**10% Placement Facility** has the meaning given in Section 9.1.

**10% Placement Period** has the meaning given in Section 9.2(f).

**A\$ or \$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2020.

**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.

**Chairperson** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Skin Elements Limited (ACN 608 047 794).

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

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Director** means a director of the Company.

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

**Entitlement Offer** has the meaning given in Section 7.1.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

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

**Key Management Personnel** means persons 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.

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

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Option** means an option which entitles the holder to subscribe for one Share.

**Option holder** means a holder of an Option.

**Placement** has the meaning given in Section 8.1.

**Placement Shares** has the meaning given in Section 8.1.

**Proxy Form** means the proxy form attached to the Notice.

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

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

**SKNOA Option Terms and Condition** means the terms and conditions set out in Schedule 2.

**SKNUOA Option Terms and Condition** means the terms and conditions set out in Schedule 3.

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

**Shareholder** means the holder of a Share.

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

**VWAP** means the volume weighted average price.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.

## SCHEDULE 2: TERMS AND CONDITIONS OF SKNOA OPTIONS

### 1. EXERCISE PRICE

1.1 Each Option shall have an exercise price of A\$0.10 (**Exercise Price**).

### 2. EXPIRY DATE

2.1 The expiry date of the Options is 5.00pm WST on 31 December 2020 (**Expiry Date**).

2.2 The Options may be exercised at any time prior to the Expiry Date (**Exercise Period**), in whole or in part, upon payment of the exercise price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

### 3. EXERCISE OF OPTIONS

3.1 The Options may only be exercised during the Exercise Period.

### 4. OFFICIAL QUOTATION OF OPTIONS

4.1 The Company will apply for official quotation of the Options.

### 5. ENTITLEMENT

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

### 6. NOTICE OF EXERCISE

6.1 The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

6.2 The Options may be exercised by the holder in whole or in part. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee.

### 7. SHARES ISSUED ON EXERCISE

7.1 Shares issued on exercise of Options rank equally with the then Shares currently on issue.

### 8. OFFICIAL QUOTATION OF SHARES ON EXERCISE

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

### 9. TIMING OF ISSUE OF SHARES

9.1 Subject to paragraph 9.2, within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

9.2 If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

- 9.2.1 issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
- 9.2.2 issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

## **10. PARTICIPATION RIGHTS**

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

## **11. ADJUSTMENT FOR BONUS ISSUES OF SHARES**

- 11.1 If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

11.1.1 the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the holder had exercised the Option before the record date for the bonus issue; and

11.1.2 no change will be made to the Exercise Price.

## **12. ADJUSTMENT FOR ENTITLEMENT ISSUE**

- 12.1 If the Company makes an issue of Shares pro rata to existing Shareholders (other than a bonus issue), there will be no adjustment of the Exercise Price of a Option or the number of Shares over which the Options are exercisable.

## **13. ADJUSTMENTS FOR REORGANISATION**

- 13.1 If there is any reorganisation of the issued share capital of the Company, the rights of the holder will be varied in accordance with the Listing Rules.

## **14. OPTIONS NOT TRANSFERABLE**

- 14.1 The Options are non-transferable.

## **15. LODGEMENT INSTRUCTIONS**

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



### SCHEDULE 3: TERMS AND CONDITIONS OF SKNUOA OPTIONS

#### 1. ENTITLEMENT

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

#### 2. EXERCISE PRICE

2.1 Subject to paragraph 13.1, the amount payable upon exercise of the each Option will be A\$0.03 (**Exercise Price**).

#### 3. EXPIRY DATE

3.1 The expiry date of the Options is 5.00pm WST on 31 December 2020 (**Expiry Date**).

3.2 The Options may be exercised at any time prior to the Expiry Date (**Exercise Period**), in whole or in part, upon payment of the exercise price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

#### 4. TRANSFERABLE

4.1 The Options are transferable.

#### 5. NO QUOTATION

5.1 The Company will not apply for quotation of the Options on ASX.

#### 6. NOTICE OF EXERCISE

6.1 The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

6.2 The Options may be exercised by the holder in whole or in part. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee.

#### 7. EXERCISE DATE

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

#### 8. TIMING OF ISSUE OF SHARES

8.1 Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

8.1.1 issue the Shares pursuant to the exercise of the Options; and

8.1.2 apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

#### 9. SHARES ISSUED ON EXERCISE

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

10. **PARTICIPATION RIGHTS**

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

11. **ADJUSTMENT FOR ENTITLEMENT ISSUE**

- 11.1 If the Company makes an issue of Shares pro rata to existing Shareholders (other than a bonus issue), there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

12. **ADJUSTMENT FOR BONUS ISSUES OF SHARES**

- 12.1 If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

12.1.1 the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the holder had exercised the Option before the record date for the bonus issue; and

12.1.2 no change will be made to the Exercise Price.

13. **ADJUSTMENTS FOR REORGANISATION**

- 13.1 If there is any reorganisation of the issued share capital of the Company, the rights of the holder will be varied in accordance with the Listing Rules.

**SCHEDULE 4: SECURITIES ISSUED UNDER LISTING RULE 7.1A.2 IN THE PREVIOUS 12 MONTHS**

<b>Date of Issue</b>	<b>Number of Securities</b>	<b>Type of Security</b>	<b>Recipient of Security</b>	<b>Issue price and details of any discount to Market Price (if applicable)</b>	<b>Consideration, Use of Funds and Current Value as at date of this Notice</b>
20/03/20	8,000,000	Fully paid ordinary shares	<p>State Securities Pty Ltd</p> <p>On the close of its March 2020 entitlement issue SKN had received entitlement and shortfall applications in excess of the issue total.</p> <p>Given the excess applications, SKN immediately decided to make a placement to a selected group of sophisticated shortfall applicants on agreed terms and applied these application funds to the placement. Additional corporate and underwriting services were provided by State Securities in connection with the entitlement issue.</p>	\$0.0125	<p>Placement for cash \$100,000</p> <p>Used in corporate, development and marketing activities including expansion of its Soleo Organics sunscreen range and commencement of Invisi Shield Sanitiser project</p> <p>Applied to Corporate Services - Value \$25,000</p> <p>Current value: \$600,000</p>
20/03/20	4,800,000	Fully paid ordinary shares	<p>Bay Road Enterprises Pty Ltd</p> <p>On the close of its March 2020 entitlement issue SKN had received entitlement and shortfall applications in excess of the issue total.</p> <p>Given the excess applications, SKN immediately decided to make a placement to a selected group of sophisticated shortfall applicants on agreed terms and applied these application funds to the placement.</p>	\$0.0125	<p>Placement for cash \$60,000</p> <p>Used in corporate, development and marketing activities including expansion of its Soleo Organics sunscreen range and commencement of Invisi Shield Sanitiser project</p> <p>Current value: \$288,000</p>
20/3/20	4,000,000	Fully paid ordinary shares	<p>Lakehouse Enterprises Pty Ltd</p> <p>On the close of its March 2020 entitlement issue SKN had received entitlement and shortfall applications in excess of the issue total.</p> <p>Given the excess applications, SKN immediately decided to make a placement to a selected group of sophisticated shortfall</p>	\$0.0125	<p>Placement for cash \$50,000</p> <p>Used in corporate, development and marketing activities including expansion of its Soleo Organics sunscreen range and commencement of Invisi Shield Sanitiser project</p>

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue price and details of any discount to Market Price (if applicable)	Consideration, Use of Funds and Current Value as at date of this Notice
			applicants on agreed terms and applied these application funds to the placement.		Current value: \$240,000
20/03/20	4,000,000	Fully paid ordinary shares	<p>Douglas Lake Pty Ltd</p> <p>On the close of its March 2020 entitlement issue SKN had received entitlement and shortfall applications in excess of the issue total.</p> <p>Given the excess applications, SKN immediately decided to make a placement to a selected group of sophisticated shortfall applicants on agreed terms and applied these application funds to the placement.</p>	\$0.0125	<p>Placement for cash \$50,000</p> <p>Used in corporate, development and marketing activities including expansion of its Soleo Organics sunscreen range and commencement of Invisi Shield Sanitiser project</p> <p>Current value: \$240,000</p>
21/08/20	2,000,000	Fully paid ordinary shares	<p>Garth Alvares</p> <p>Placement to sophisticated investor Mr Alvares who is a director and shareholder of, Prudential Consultants Pty Ltd, a company appointed as a distributor to SKNs Invisi-Shield sanitiser</p>	\$0.06	<p>Placement for cash \$120,000</p> <p>Used in purchase of ingredients and production of Invisi-Shield sanitiser</p> <p>Current value: \$120,000</p>


**LODGE YOUR VOTE**

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Skin Elements Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X99999999999**

**PROXY FORM**

I/We being a member(s) of Skin Elements Limited and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**

**the Chairman of the Meeting (mark box)**

**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 or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (AWST) on Friday, 29 January 2021 at 1242 Hay Street, West Perth, Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).


**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**VOTING DIRECTIONS**

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .**

**Resolutions**

Resolutions	For	Against	Abstain*	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Filippo (Phil) Giglia as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Alex John Poulsen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Prior Issue of Shares to Titan Securities Pty Ltd - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of Prior Issue of Shares and Options to Mandalup Investments Pty Ltd - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Prior Issue of Shares and Options to Lakehouse Enterprises Pty Ltd - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Prior Issue of Shares - Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
Sole Director and Sole Company Secretary  Director/Company Secretary (Delete one)  Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

For personal use only

STEP 1

STEP 2

STEP 3



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. 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 in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO 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 those 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 Form, including where the Resolution is 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 placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AWST) on Wednesday, 27 January 2021** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Skin Elements Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**