
PULSE HEALTH LIMITED
ABN 69 104 113 760

NOTICE OF GENERAL MEETING

TIME: 10.30am (AEST)

DATE: 26 May 2014

PLACE: Pendlebury Room
Wesley Conference Centre
220 Pitt Street
Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact David Franks (Company Secretary) on (02) 9299 9690.



17 April 2014

Dear Shareholder

NOTICE OF GENERAL MEETING

Pulse Health Limited (the **Company**) is convening a General Meeting (**Meeting**) of Shareholders on 26 May 2014 and we invite you to attend. The Meeting will be held at the Pendlebury Room, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 at 10.30am (AEST) and will consider the:

- Ratification of a prior issue of Performance Rights (Resolution 1);
- Ratification of a prior issue of Shares, being the first tranche of Shares issued under the placement announced to the ASX on 4 April 2014 (Resolution 2);
- Approval of the issue of the second tranche of Shares, under the above mentioned placement (Resolution 3);
- Appointment of Phillipa Blakey, Chief Executive Officer, as a Director of the Company (Resolution 4); and
- Removal of Andrew Gregory as a Non-executive Director of the Company (Resolution 5).

Attached to this letter is a Notice of General Meeting and an Explanatory Statement setting out details on each of the resolutions to be proposed at the Meeting. The Board recommends that you vote in favour of Resolutions 1, 2 and 3. The Board, with Andrew Gregory abstaining, recommends that you vote in favour of Resolutions 4 and 5.

The chair will vote all open proxies for all resolutions.

If you are unable to attend the Meeting, I encourage you to vote using the proxy form which is also enclosed. If you are able to attend, please bring this letter and package with you to facilitate your entitlement to vote.

The Board looks forward to meeting those Shareholders who can attend the Meeting in person. For those who are unable to attend, should you have any queries in relation to the Meeting or have any other matters you wish to discuss at any other time throughout the year, please do not hesitate to contact the Company Secretary either by phone or in writing. Full contact details for Mr David Franks are as follows:

Mr David Franks

Company Secretary

Pulse Health Limited

GPO Box 4325

Sydney NSW 2001

Phone (02) 9299 9690

Fax (02) 9299 9629

Email dfranks@fa.com.au

Thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read "Stuart James". The signature is fluid and cursive, with a large loop at the beginning and a long horizontal stroke extending to the right.

Mr Stuart James
Chairman
Pulse Health Limited

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Pulse Health Limited which this Notice of Meeting relates to will be held at 10.30am (AEST), 26 May 2014 at:

Pendlebury Room
Wesley Conference Centre
220 Pitt Street
Sydney NSW 2000

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To appoint a proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and:

- (a) mail the proxy form to the Company's registry at Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- (b) send the proxy form by facsimile to the Company's registry on facsimile number:
 - (within Australia) 1800 783 447
 - (outside Australia) +61 3 9473 2555

so that it is received not later than 10.30am (AEST), 24 May 2014.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Pulse Health Limited will be held at the Pendlebury Room , Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 at 10.30am (AEST) on 26 May 2014.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 24 May 2014 at 7.00pm (AEST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1– RATIFICATION OF PRIOR ISSUE OF PERFORMANCE RIGHTS

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify and approve the issue of 945,000 Performance Rights, with the performance conditions, expiry dates and other terms and conditions set out in Schedule 1 of the Explanatory Statement accompanying the Notice.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by Phillipa Blakey, Mark Hays and Matthew Mackay, being persons who participated in the issue of the Performance Rights that are the subject of Resolution 1, and any associate of those persons.

However, the Company need not disregard a vote on Resolution 1 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Key Management Personnel Voting Exclusion: For the definitions of Key Management Personnel (**KMP**) and Closely Related Parties, please refer to the Glossary.

Resolution 1 is a remuneration related resolution, as it is connected with the remuneration of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, all of whom are members of the KMP. Under the Corporations Act, the Company must disregard any vote cast as a proxy on Resolution 1 by KMP and their Closely Related Parties. However, the Company need not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

What this means for Shareholders: If you intend to appoint a member of KMP (other than the Chairman) as your proxy, please ensure that you direct them how to vote on Resolution 1. If you do not do so, your proxy will not be able to vote on your behalf on Resolution 1. If you appoint the Chairman of the Meeting as your proxy without directing him how to vote (or the Chairman of the Meeting becomes your proxy by default), the proxy form authorises the Chairman of the Meeting to vote as he decides on Resolution 1. The Chairman of the Meeting intends to vote, as your proxy, in favour of Resolution 1 (where permissible).

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 16,000,000 Shares for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 2 by persons who participated in the issue of the Shares that are the subject of Resolution 2, and any associates of those persons.

However, the Company need not disregard a vote on Resolution 2 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES UNDER PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.1 of the Listing Rules and for all other purposes, Shareholders approve the issue of up to 34,000,000 Shares to institutional and sophisticated investors, for the purposes and on the terms and conditions set out in the Explanatory Statement that accompanies the Notice.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by, persons who may participate in the proposed issue of Shares that is the subject of Resolution 3, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, and any associates of those persons.

However, the Company need not disregard a vote on Resolution 3 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the Chairman of the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – APPOINTMENT OF DIRECTOR

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

“That Ms Phillipa Blakey be appointed as a Director of the Company.”

RESOLUTION 5 – REMOVAL OF DIRECTOR

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

“That Mr Andrew Gregory be and is hereby removed as a Director of the Company.”

DATED 17 April 2014

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'D. Franks', with a long horizontal flourish extending to the right.

**MR DAVID FRANKS
COMPANY SECRETARY
PULSE HEALTH LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at 10.30am (AEST), 26 May 2014 at:

Pendlebury Room
Wesley Conference Centre
220 Pitt Street
Sydney NSW 2000

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

APPLICABLE LISTING RULES

ASX Listing Rule 7.1

Listing Rule 7.1 requires that a listed company must obtain Shareholder approval prior to the issue of securities representing more than 15% of the issued capital of the Company in any 12 month period.

ASX Listing Rule 7.4

Listing Rule 7.4 provides that where holders of Shares approve a previous issue of securities made without approval under Listing Rule 7.1 and provided that the previous issue of securities did not breach Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

1 RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PERFORMANCE RIGHTS

Background

Shareholder approval of the prior issue of Performance Rights in relation to this Resolution 1 (**Performance Rights Issue**), as set out below, is sought pursuant to Listing Rule 7.4. If Resolutions 1, 2 and 3 are passed, the Company will have capacity to issue up to 15% of its ordinary issued capital, if required, within the next twelve months without seeking further Shareholder approval.

Compliance with Listing Rule 7.5

Listing Rule 7.5 requires the following disclosures to be made:

- (a) the total number of securities issued was 945,000 Performance Rights;
- (b) the Performance Rights were issued to executives of the Company for no cash consideration;
- (c) 315,000 Performance Rights (**Tranche 1 Performance Rights**) were issued with an expiry date of 31 December 2014 (the **Tranche 1 Expiry Date**), and have a performance condition that the VWAP over 30 consecutive trading days prior to and including the Tranche 1 Expiry Date is greater than \$0.48;
- (d) 315,000 Performance Rights (**Tranche 2 Performance Rights**) were issued with an expiry date of 31 December 2015 (the **Tranche 2 Expiry Date**), and have a performance condition that the VWAP over 30 consecutive trading days prior to and including the Tranche 2 Expiry Date is greater than \$0.60;
- (e) 315,000 Performance Rights (**Tranche 3 Performance Rights**) were issued with an expiry date of 31 December 2016 (the **Tranche 3 Expiry Date**), and have a performance condition that the VWAP over 30 consecutive trading days prior to and including the Tranche 3 Expiry Date is greater than \$0.72;
- (f) if the performance condition for the Tranche 1 Performance Rights is not met on the Tranche 1 Expiry Date, then the Tranche 1 Performance Rights automatically become Tranche 2 Performance Rights;
- (g) if the performance condition for the Tranche 2 Performance Rights is not met on the Tranche 2 Expiry Date, then the Tranche 2 Performance Rights automatically become Tranche 3 Performance Rights;
- (h) if the executive ceases to be employed by the Company in their executive position then all unvested Performance Rights then held by the executive will be deemed to immediately lapse. In respect to each Performance Right, if the performance condition is satisfied on the Expiry Date then the Company will notify the executive in writing that the Performance Right has vested;
- (i) the full terms and conditions of the Performance Rights are contained in Schedule 1 to this Explanatory Statement;
- (j) the table below lists the names of the persons to whom the Performance Rights referred to in paragraphs (c), (d) and (e) above were issued:

Name	Number of Performance Rights	Type of Performance Rights
Phillipa Blakey	175,000	Tranche 1 Performance Rights
Phillipa Blakey	175,000	Tranche 2 Performance Rights
Phillipa Blakey	175,000	Tranche 3 Performance Rights
Mark Hays	70,000	Tranche 1 Performance Rights
Mark Hays	70,000	Tranche 2 Performance Rights
Mark Hays	70,000	Tranche 3 Performance Rights
Matthew Mackay	70,000	Tranche 1 Performance Rights
Matthew Mackay	70,000	Tranche 2 Performance Rights
Matthew Mackay	70,000	Tranche 3 Performance Rights
Total	945,000	

(k) no funds have been or will be raised from the Performance Rights Issue - the purpose of the Performance Rights Issue was to provide a remuneration incentive for executives of the Company; and

(l) a voting exclusion statement is shown on page 5 of the Notice of Meeting.

Directors' Recommendation and Reasons

The Directors recommend that Shareholders vote in favour of Resolution 1 as it allows the Company to ratify the issue of the Performance Rights referred to in paragraph (a). Furthermore, if Resolutions 1, 2 and 3 are passed, the Company will retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next twelve months without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of Resolution 1.

BACKGROUND TO RESOLUTIONS 2 AND 3

As announced to the ASX on 4 April 2014, the Company has arranged a placement to institutional and sophisticated investors (**Placement**) of 50,000,000 Shares at \$0.60 per Share (**Placement Shares**). Commitments were received for a total of \$30,000,000.

The Placement is being conducted in two separate tranches. On 10 April 2014, the Company used its existing placement capacity under Listing Rule 7.1 to issue 16,000,000 Shares (**Tranche 1 Placement**). Resolution 2 to be considered at this Meeting, seeks the ratification of the Tranche 1 Placement.

The balance of the Placement, being up to 34,000,000 Shares (**Tranche 2 Placement**), is the subject of Resolution 3 at this Meeting.

The funds raised from the Placement will be used by the Company for the following purposes:

- The Company has an active acquisition pipeline and is currently in exclusive negotiations on two potential private hospital acquisitions that are subject to final due

- diligence and Board approval; and
- Should the Company decide not to complete on either potential acquisition, the funds will be used to reduce debt and borrowing costs pending other suitable acquisitions being completed.

2 RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

Resolution 2 seeks Shareholder approval of the issue of 16,000,000 Shares, pursuant to ASX Listing Rule 7.4, to partly reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under Listing Rule 7.1, if required, without seeking further Shareholder approval.

Listing Rule 7.5 requires the following information to be provided to Shareholders:

- (a) the number of securities issued under Resolution 2 is 16,000,000 Shares;
- (b) the issue price of the Shares is \$0.60 per Share;
- (c) the persons to whom the Company issued the 16,000,000 Shares were institutional and/or sophisticated investors who are clients of Petra Capital and who are not related parties of the Company. The identity of the persons to whom the Company issued the Shares was determined at the discretion of the Company, in consultation with Petra Capital;
- (d) the Shares issued rank equally with, and are on the same terms as, the existing Shares on issue;
- (e) the funds raised from the Placement will be used by the Company for the following purposes:
 - the Company has an active acquisition pipeline and is currently in exclusive negotiations on two potential private hospital acquisitions that are subject to final due diligence and Board approval; and
 - should the Company decide not to complete on either potential acquisition, the funds will be used to reduce debt and borrowing costs pending other suitable acquisitions being completed; and
- (f) a voting exclusion statement is set out on page 6 of the Notice.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 2

The Directors recommend that Shareholders vote in favour of Resolution 2, as it allows the Company to ratify the issue of Shares under the Tranche 1 Placement. Furthermore, if Resolutions 1, 2 and 3 are passed, the Company will retain the flexibility to issue further securities representing up to 15% of the Company's Share capital under ASX Listing Rule 7.1 without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of Resolution 2.

3 RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES UNDER PLACEMENT

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 34,000,000 Shares that were applied for under the Placement. Listing Rule 7.3 requires the Notice to include the following information for Shareholders' consideration in respect of Resolution 3:

- (a) the maximum number of securities that will be issued under Resolution 3 is 34,000,000 Shares;
- (b) the Shares the subject of Resolution 3 are expected to be issued on 30 May 2014, but in any event, they will be issued no later than three months after the date of the passage of Resolution 3;
- (c) the issue price of the Shares is \$0.60;
- (d) the Company engaged Petra Capital to act as its broker and assist in placing the Shares. The persons to whom the Company will issue up to 34,000,000 Shares are professional and/or sophisticated investors who are clients of Petra Capital and who are not related parties of the Company. The identity of the persons to whom the Company will issue the Shares was determined at the discretion of the Company, in consultation with Petra Capital;
- (e) the Shares issued will rank equally with, and be on the same terms as, in all respects, the existing Shares;
- (f) the funds raised from the Placement will be used by the Company for the following purposes:
 - the Company has an active acquisition pipeline and is currently in exclusive negotiations on two potential private hospital acquisitions that are subject to final due diligence and Board approval; and
 - should the Company decide not to complete on either potential acquisition, the funds will be used to reduce debt and borrowing costs pending other suitable acquisitions being completed; and
- (g) the Shares that are the subject of Resolution 3 are expected to be issued in one instalment on 30 May 2014; and
- (h) a voting exclusion statement is set out on page 6 of the Notice.

Directors' recommendation and reasons for recommendation in relation to Resolution 3

The Directors' recommend Shareholders vote in favour of Resolution 3 as it will provide additional working capital to the Company, which is required at the Company's current stage of development, for the purposes set out in paragraph (f) above. Furthermore, if Resolutions 1, 2 and 3 are passed, the Company will retain the flexibility to issue further securities representing up to 15% of the Company's Share capital under ASX Listing Rule 7.1 without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of Resolution 3.

4 RESOLUTION 4 – APPOINTMENT OF DIRECTOR

Resolution 4 seeks Shareholder approval to appoint Phillipa Blakey as a Director of the Company. Phillipa was appointed as Acting Chief Executive Officer in June 2013 and as permanent Chief Executive Office of Pulse Health from 1 December 2013.

On 9 April 2014, the board, with Mr Stuart James and Mr Craig Coleman voting for the resolution and Mr Andrew Gregory abstaining, resolved by majority to call the meeting of shareholders and propose this resolution to shareholders under Clause 7.1(a) of the Company's Constitution. At the same meeting, Mr Craig Coleman requested as a director that the meeting be called under Section 249CA of the Corporations Act 2001 and propose this resolution to shareholders.

Brief CV of Ms Phillipa Blakey

Phillipa was appointed as Acting Chief Executive Officer of the Company in June 2013 and as permanent Chief Executive Office of Pulse Health from 1 December 2013.

Phillipa specialises in leading change and transformation that delivers sustainable growth with a highly engaged workforce. Her healthcare experience includes Chief Operating Officer and other senior executive roles in the public health systems in New Zealand, England, NSW and Queensland, as well as Chief Operating officer for the CVC-owned aged-care group Amity, acquired by Bupa for \$1.2 billion.

As the Chief Executive Officer for the Think Education Group, the ASX100 SEEK Group-owned higher education provider, with 10,000 students in campuses across Australia and on-line, Phillipa led the turn-around of the business, delivering significant top and bottom-line performance improvement.

Phillipa is a non-executive director of the Bairo Pite Hospital, a social venture to provide health services to the people of East Timor. She trained as a nurse in Hawkes Bay, New Zealand, has an MBA (Executive) from Massey University in New Zealand and is married with two adult daughters.

Consent to act as Director

The Company has received a consent to act as a Director from Ms Phillipa Blakey.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 4

Mr Stuart James and Mr Craig Coleman recommend that Shareholders vote in favour of Resolution 4, as they believe that the Chief Executive Officer, Phillipa Blakey will make a valuable contribution to the Board.

Mr Stuart James and Mr Craig Coleman intend to vote all their Shares in favour of Resolution 4.

Mr Andrew Gregory has abstained from making a recommendation on this resolution.

5 RESOLUTION 5 – REMOVAL OF DIRECTOR

Resolution 5 seeks Shareholder approval to remove Andrew Gregory as a Director of the Company. Subject to the passing of Resolution 5 in favour of the removal of Andrew Gregory, that removal will take effect immediately.

On 9 April 2014, the board, with Mr Stuart James and Mr Craig Coleman voting for the resolution and Mr Andrew Gregory abstaining, resolved by majority to call the meeting of shareholders and propose this resolution to shareholders under Clause 7.1(a) of the Company's Constitution. At the same meeting, Mr Craig Coleman requested as a director that the meeting be called under Section 249CA of the Corporations Act 2001 and propose this resolution to shareholders.

Section 203D of the Corporations Act provides that a public company may by resolution remove a Director from office regardless of any provision in that Company's Constitution or any agreement between the Director and the Company. If the director was appointed to represent the interests of particular shareholders or debenture holders, the resolution to remove the director does not take effect until a replacement to represent their interests has been appointed.

Brief CV of Mr Andrew Gregory

Andrew Gregory was appointed as a Director of Pulse Health on 15 March 2006. He is an experienced company manager with 35 years' experience in a variety of industries. He has significant experience with ASX listed equities investments and extensive knowledge in both fundamental and financial analysis principles. Andrew Gregory operates his own successful company as well as having experience as a corporate treasurer and is a qualified CPA and a qualified company secretary. He has been active over a 20 year period in providing strategic planning input and seed capital investment to support start-up enterprises. Based in Melbourne, Andrew Gregory represents the Company in the investment and capital markets in Victoria, Australia.

Andrew Gregory has held directorships in the listed Coretrack Limited (November 2005 to 29 December 2006) and the unlisted Black Earth Resources Limited (6 January 2006 to 12 February 2007).

Director and Company Statement

Section 203D provides that Mr Andrew Gregory is entitled to speak when Resolution 5 is considered at the Meeting, and to provide a statement (**Director Statement**) for circulation to members. At the time that this Notice was sent to print, Mr Andrew Gregory had not provided a Director Statement. If a Director Statement is made available in sufficient time before the Meeting, it will be mailed to Shareholders along with a Company response. If a Director Statement is made available and there is not sufficient time to mail it to Shareholders, it will be distributed to Shareholders attending the Meeting and read out at the Meeting before Resolution 5 is voted on.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 5

Mr Stuart James and Mr Craig Coleman recommend that Shareholders vote in favour of Resolution 5.

Mr Stuart James and Mr Craig Coleman intend to vote all their Shares in favour of Resolution 5.

Mr Andrew Gregory has abstained from making a recommendation on this resolution.

GLOSSARY

AEST means Australian Eastern Standard Time, Sydney, New South Wales.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the rules and procedures issued and enforced by the ASX, as amended from time to time, including all guidance notes and appendices thereto.

Board means the board of Directors of the Company as constituted from time to time.

Closely Related Party in relation to a member of the KMP, means the member's spouse, child or dependant (or a child or dependant or the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealing with Pulse Health (or the Pulse Health group), and any company the member controls.

Company or **Pulse Health** means Pulse Health Limited (ABN 69 104 113 760).

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice, which forms part of this document.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of Pulse Health or the Pulse Health group, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive), the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

Listing Rules means the Listing Rules of ASX.

Notice means the notice of meeting, which forms part of this document.

Performance Rights means the performance rights granted on the terms and conditions set out in Schedule 1 to the Explanatory Statement, which forms part of this document.

Petra Capital means Petra Capital Pty Limited (ABN 95 110 952 782).

Pulse Health group means Pulse Health and its controlled entities.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

VWAP means the daily volume weighted average price of Pulse Health Shares.

SCHEDULE 1 – PERFORMANCE RIGHTS – TERMS AND CONDITIONS

1. Definitions

In this Schedule 1 the following terms shall bear the following meanings:

30 Day VWAP means the daily volume weighted average price of Shares trading on the ASX for a period of 30 consecutive trading days.

Change of Control event means:

- (a) a Court approval of an acquisition of Shares by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company); or
- (b) a Takeover Bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares.

Executive means any one of Phillipa Blakey, Mark Hays or Matthew Mackay.

Expiry Date means:

- (a) in respect of the Tranche 1 Performance Rights, the Tranche 1 Expiry Date;
- (b) in respect of the Tranche 2 Performance Rights, the Tranche 2 Expiry Date; and
- (c) in respect of the Tranche 3 Performance Rights, the Tranche 3 Expiry Date.

Performance Condition means:

- (a) in respect of the Tranche 1 Performance Rights, the Tranche 1 Performance Condition;
- (b) in respect of the Tranche 2 Performance Rights, the Tranche 2 Performance Condition; and
- (c) in respect of the Tranche 3 Performance Rights, the Tranche 3 Performance Condition.

Performance Right means a right to be issued or transferred one Share upon satisfaction of the Performance Condition on the Expiry Date.

Performance Right Share means, in respect of any Performance Right, the Share the Executive is entitled to be transferred or issued by reason of the grant to him or her of that Performance Right.

Relevant Interest has the meaning given in the Corporations Act.

Securities Dealing Policy means any policy established by the Company applicable to trading in securities of the Company.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Takeover Bid has the meaning given in the Corporations Act.

Tranche 1 Expiry Date means 31 December 2014.

Tranche 1 Performance Condition means a 30 Day VWAP prior to and including the Tranche 1 Expiry Date of greater than \$0.48.

Tranche 1 Performance Rights means 315,000 Performance Rights with the Tranche 1 Expiry Date and Tranche 1 Performance Condition.

Tranche 2 Expiry Date means 31 December 2015.

Tranche 2 Performance Condition means a 30 Day VWAP prior to and including the Tranche 2 Expiry Date of greater than \$0.60.

Tranche 2 Performance Rights means 315,000 Performance Rights (as adjusted by clause 2(e)(i) of this Schedule 1) with the Tranche 2 Expiry Date and Tranche 2 Performance Condition.

Tranche 3 Expiry Date means 31 December 2016.

Tranche 3 Performance Condition means a 30 Day VWAP prior to and including the Tranche 3 Expiry Date of greater than \$0.72.

Tranche 3 Performance Rights means 315,000 Performance Rights (as adjusted by clause 2(e)(ii) of this Schedule 1) with the Tranche 3 Expiry Date and Tranche 3 Performance Condition.

Vested Performance Right has the meaning given in clause 2(a) of this Schedule 1).

2. Expiry Date and Performance Conditions

- (a) In respect to each Performance Right, if the Performance Condition is satisfied on the Expiry Date then the Company will notify the Executive in writing that the Performance Right has vested (such Performance Right being a "**Vested Performance Right**").
- (b) Subject to clause 2(c) of this Schedule 1, Vested Performance Rights will be automatically exercised into the equivalent number of Performance Right Shares. On vesting or exercise the Executive agrees to become a shareholder of the Company and to be bound by the Company's constitution.

- (c) The issue of Performance Right Shares to the Executive following the automatic exercise of Vested Performance Rights is subject to such issue not contravening the Corporations Act, the Listing Rules, the Securities Dealing Policy or any other Law.
- (d) Following notification to the Executive under clause 2(a) of this Schedule 1, the Company will, within a reasonable period of time, issue or transfer to the Executive the Performance Right Shares to which the Executive is entitled.
- (e) If:
 - (i) the Tranche 1 Performance Condition is not satisfied on the Tranche 1 Expiry Date, then the Tranche 1 Performance Rights will automatically become Tranche 2 Performance Rights with the same Expiry Date and Performance Condition as the Tranche 2 Performance Rights; and
 - (ii) the Tranche 2 Performance Condition is not satisfied on the Tranche 2 Expiry Date, then the Tranche 2 Performance Rights (including any Tranche 1 Performance Rights which converted to Tranche 2 Performance Rights under clause 2(e)(i)) will automatically become Tranche 3 Performance Rights with the same Expiry Date and Performance Condition as the Tranche 3 Performance Rights.
- (f) If the Tranche 3 Performance Condition is not satisfied by the Tranche 3 Expiry Date, all Performance Rights then held by the Executive will be deemed to immediately lapse.

3. Cessation of Employment

If the Executive ceases to be employed by the Company in the Position then all Performance Rights then held by the Executive will be deemed to immediately lapse.

4. Transfer of Rights

Performance Rights may not be transferred, assigned or novated except with the prior approval of the Board.

5. Security Interest

Subject to clause 4 of this Schedule 1, the Executive must not grant a Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the underlying Performance Right Shares are either issued or transferred to the Executive, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

6. Dividend and Voting Rights

Performance Rights will not confer upon the Executive the right to dividends or to vote as a Shareholder until the Vested Performance Rights have been exercised and the Performance Right Shares issued or transferred to the Executive.

7. Change in Control Event

- (a) If a Change in Control Event occurs, then any Performance Right which has not been deemed to have lapsed in accordance with this Schedule 1 will automatically become a Vested Performance Right if the following conditions are satisfied:
- (i) in respect of the Tranche 1 Performance Rights, either:
 - (A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.48; or
 - (B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.48;
 - (ii) in respect of the Tranche 2 Performance Rights, either:
 - (A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.60; or
 - (B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.60; and
 - (iii) in respect of the Tranche 3 Performance Rights, either:
 - (A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.72; or
 - (B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.72.
- (b) If a Change in Control Event occurs, then any Performance Right which does not become a Vested Performance Right in accordance with clause 7(a) of this Schedule 1 will be deemed to immediately lapse.

8. Pro Rata Issue of Securities

The Executive may only participate in a new issue of Shares or other securities of the Company to holders of Shares if the Performance Right in respect of the Share entitling participation has been exercised in accordance with its terms before the record date for determining entitlements to the issue.

9. Adjustment for Reconstruction

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in clause 7 above), the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on the Executive which is not conferred on holders of Shares generally, but in all other respects the terms of exercise will remain unchanged, except as set out in this Schedule 1.

10. Allotment of Shares on exercise or vesting

As soon as reasonably practicable following the relevant completion of the issue of Performance Right Shares, the Company will:

- (a) take all steps to procure the delivery to the Executive as soon as practicable a holding statement or other evidence that the relevant Performance Right Shares have been issued to the Executive;
- (b) lodge an Appendix 3B with ASX in respect to the relevant Performance Right Shares; and
- (c) satisfy the conditions set out in section 708A(5) of the Corporations Act, and issue a "cleansing notice" that complies with the requirements under section 708A(6) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Performance Right for resale under section 708A(11) of the Corporations Act,

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



┌ 000001 000 PHG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10:30 am (AEST) Saturday 24 May 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pulse Health Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Pulse Health Limited to be held at Pendlebury Room, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 on Monday, 26 May 2014 at 10:30 am (AEST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2

Items of Business

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

	For	Against	Abstain
1 Ratification of prior issue of performance rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of prior issue of shares under placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of issue of shares under placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of Ms Phillipa Blakey as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Removal of Mr Andrew Gregory as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

PHG

999999A

Computershare +