



FOR **GOOD** LOOKS

NOTICE OF 2016 ANNUAL GENERAL MEETING

Including Explanatory Memorandum and Proxy Form

To be held on:

Tuesday, 15th November 2016

10.00am (AEDST)

(registration commencing 15 minutes earlier)

At:

K&L Gates

Level 25 South Tower, 525 Collins Street

Melbourne VIC 3000

**This is an important document. It should be read in its entirety.
If you are in doubt as to the course you should follow, consult your financial or other professional advisor.**

Total Face Group Limited

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Notice of Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting of the Shareholders of Total Face Group Limited (**Company**) will be held at the Offices of K&L Gates, Level 25 South Tower, 525 Collins Street Melbourne VIC 3000 at 10.00am (AEDST) on Tuesday, 15th November 2016.

Business

The following ordinary business will be conducted:

Item 1: Financial Statements and Reports

To receive and consider the reports of the Directors and the Auditor and the Financial Statements for the year ended 30 June 2016 for the company and its controlled entities released to the market on 31st August 2016. (refer to the Explanatory Memorandum annexed for further details)

Item 2: Remuneration Report

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 1

“That, the Remuneration Report forming part of the Directors Report for the year ended 30 June 2016 is adopted.”
(refer to the Explanatory Memorandum annexed for further details)

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement (Resolution 1)

A vote must not be cast (in any capacity) on Resolution 1 – Remuneration Report by or on behalf of a member of the Company’s key management personnel (“KMP”), details of whose remuneration are included in the Remuneration Report, and their closely related parties, whether as a shareholder or as a proxy.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
 - I. does not specify the way the proxy is to vote on the resolution; and
 - II. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Item 3: Retiring Director – Dr Vilma Di Maria

Dr Vilma Di Maria retires as a Director of the Company in accordance with clause 12.11 of the Company’s Constitution.

Dr Vilma Di Maria has declined to be re-elected as permitted by Clause 12.13 of the Company’s Constitution.

Item 4: Ratify appointment of Dr Naveen Somia as Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 2

"To ratify the appointment of Dr Naveen Somia as Non-Executive Director of the Company." (refer to the Explanatory Memorandum annexed for further details)

Item 5: Ratification and approval of previous allotment and issue of securities

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 3

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify Total Face Group's allotment of 7,134,385 fully paid ordinary shares on the terms detailed in the Explanatory Memorandum accompanying this Notice of Meeting." (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 3)

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who participated in the issue.

However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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.

Item 6: Approval of amendment to the terms of the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 4

"That approval is hereby given that the exercise price of the performance rights granted pursuant to the Long Term Incentive Plan (LTIP) be amended to \$0.25 per share" detailed in the Explanatory Memorandum accompanying this Notice of Meeting." (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 4)

The Company will disregard any vote cast on Ordinary Resolution 4 by any Director (except any one that is ineligible to participate in any employee incentive scheme of the Company) and any associates of a Director (together Excluded Persons). The Company will also disregard a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast by an Excluded Person, a KMP or a closely related party of a KMP on this Ordinary Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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, even if the resolution is connected directly or indirectly with the remuneration of a KMP

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Item 7: Approval of grant of Rights to the Executive Chairman under the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 5

“That for the purposes of ASX Listing rule 10.14, approval is hereby given for the grant of up to 3,762,698 rights to acquire shares in the Company to the Executive Chairman, Mr Paul Fielding, on the terms set out in the accompanying Explanatory Memorandum and under the Total Face Group Limited LTIP which is constituted and administered in accordance with the Rules of the LTIP.” (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 5)

The Company will disregard any vote cast on Ordinary Resolution 5 by any Director (except any one that is ineligible to participate in any employee incentive scheme of the Company) and any associates of a Director (together Excluded Persons). The Company will also disregard a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast by an Excluded Person, a KMP or a closely related party of a KMP on this Ordinary Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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, even if the resolution is connected directly or indirectly with the remuneration of a KMP

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Item 8: Approval of grant of Rights to the Chief Executive Officer under the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 6

“That for the purposes of ASX Listing rule 10.14, approval is hereby given for the grant of up to 535,000 rights to acquire shares in the Company to the Chief Executive Officer, Mrs Joanne Hannah, on the terms set out in the accompanying Explanatory Memorandum and under the Total Face Group Limited LTIP which is constituted and administered in accordance with the Rules of the LTIP.” (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 6)

The Company will disregard any vote cast on Ordinary Resolution 6 by any Director (except any one that is ineligible to participate in any employee incentive scheme of the Company) and any associates of a Director (together Excluded Persons). The Company will also disregard a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast by an Excluded Person, a KMP or a closely related party of a KMP on this Ordinary Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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, even if the resolution is connected directly or indirectly with the remuneration of a KMP

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Item 9: Approval of grant of Rights to the Head of Clinical Operations under the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 7

“That for the purposes of ASX Listing rule 10.14, approval is hereby given for the grant of up to 400,000 rights to acquire shares in the Company to the Head of Clinical Operations, Mrs Jane Fielding, on the terms set out in the accompanying Explanatory Memorandum and under the Total Face Group Limited LTIP which is constituted and administered in accordance with the Rules of the LTIP.” (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 7)

The Company will disregard any vote cast on Ordinary Resolution 7 by any Director (except any one that is ineligible to participate in any employee incentive scheme of the Company) and any associates of a Director (together Excluded Persons). The Company will also disregard a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast by an Excluded Person, a KMP or a closely related party of a KMP on this Ordinary Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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, even if the resolution is connected directly or indirectly with the remuneration of a KMP

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Item 10: Approval of grant of Rights to the Chief Financial Officer and Company Secretary under the Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 8

“That for the purposes of ASX Listing rule 10.14, approval is hereby given for the grant of up to 400,000 rights to acquire shares in the Company to the Chief Financial Officer and Company Secretary, Mrs Liza Juegan, on the terms set out in the accompanying Explanatory Memorandum and under the Total Face Group Limited LTIP which is constituted and administered in accordance with the Rules of the LTIP.” (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 8)

The Company will disregard any vote cast on Ordinary Resolution 8 by any Director (except any one that is ineligible to participate in any employee incentive scheme of the Company) and any associates of a Director (together Excluded Persons). The Company will also disregard and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast by an Excluded Person, a KMP or a closely related party of a KMP on this Ordinary Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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, even if the resolution is connected directly or indirectly with the remuneration of a KMP

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Item 11: Approval of placement facility

To consider and, if thought fit, pass the following resolution as a Special Resolution:

Resolution 9 (Special Resolution)

“That, for the purposes of ASX Listing Rules 7.1A, shareholders approve that Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A at an issue price which is not less than 90% of the volume weighted average market (closing) price of the Company’s ordinary shares calculated over the last fifteen (15) days on which trades of the Company’s ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Explanatory Memorandum which accompanied and formed part of the Notice of Annual General Meeting” (refer to the Explanatory Memorandum annexed for further details)

Voting Exclusion Statement (Resolution 9 (special))

The Company will disregard any votes cast on this Special Resolution by a person who may participate in the proposed issue, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote cast on this Special Resolution if:

- (a) 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
- (b) it is cast by the Chairman 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.

DATED 14th October 2016

BY ORDER OF THE BOARD

Liza Juegan
Company Secretary

Voting, proxies and company representatives

1. Voting Entitlements

Pursuant to regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) the Directors have determined that, for the purpose of voting at the meeting, shares will be taken to be held by those shareholders recorded in the Company's Register of Shareholders as at 7.00pm (AEDST) on Friday 11th November 2016. Shareholders are entitled to vote by attending the meeting in person, by proxy or by authorised representative.

2. Voting by Proxy

In accordance with section 249L of the Corporations Act 2001 (Cth), a shareholder entitled to attend and vote at the Annual General meeting is entitled to appoint a proxy who need not be a shareholder of the Company. A proxy can either be an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) Appoints an individual as its corporate representative to exercise its powers at meetings in accordance with section 250D of the Corporations Act 2001 (Cth); and
- (b) Provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meeting.

If satisfactory evidence of the appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

A shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of votes that each proxy may cast, each proxy may cast one half of the shareholders votes. If the shareholder appoints two proxies, neither may vote on a show of hands.

To vote by proxy, the completed enclosed Proxy Form must be lodged either:

- 1 via mail to Computershare Limited GPO Box 242, Melbourne VIC 3001;
- 2 by hand to Computershare Limited at Yarra Falls, 452 Johnston Street Abbotsford VIC 3067;
- 3 by fax to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555
- 4 online at <http://www.investorvote.com.au>.
- 5 online at <http://www.intermediaryonline.com> (for intermediary online users online)

by 10.00am (AEDST) on Sunday, 13th November 2016, being at least 48 hours before the holding of the Annual General Meeting

3. Corporate Shareholders

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). A "Certificate of Appointment of Company Representative" is available from the Company's share registry at Computershare Limited (Local: 1300 850 505; overseas: +61 (0)3 9415 4000) and must be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the shareholders of Total Face Group Limited (**Company**) to provide information about the items of business to be considered at the Annual General Meeting of shareholders of the Company to be held at the Offices of K&L Gates, Level 25 South Tower, 525 Collins Street Melbourne VIC 3000 on 15th November 2016 at 10.00am (AEDST).

Item 1: Financial Statements and Reports

Section 317 of the Corporations Act 2001 (Cth) requires the last years financial report (which includes the financial statements and Directors' Declaration), the Directors Report and the Auditors' Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act 2001 (Cth) or the Company's Constitution for shareholders to approve the Financial Report, the Directors' Report or the Auditors' report. Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on these reports.

Item 2: Remuneration Report

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R of the Corporations Act 2001 (Cth).

The Remuneration Report forms part of the Directors' report for the financial year ended 30 June 2016. It details the Company's policy on the remuneration of Non-Executive Directors, Executive Directors and Senior Executives and contains the information required by section 300A of the Corporations Act 2001 (Cth) and Accounting Standard AASB 1046.

A copy of the Remuneration Report is set out in the Full Annual Report of the Company and is also available from the Company's website at www.totalfacegroup.com.au.

The shareholder vote is advisory only and does not bind the Directors or the Company.

Recommendation

Shareholders are asked to vote in favour of the adoption of the Remuneration Report.

Item 3: Retiring Director – Dr Vilma Di Maria

Dr Vilma Di Maria retires as a Director of the Company in accordance with clause 12.11 of the Company's Constitution.

Dr Vilma Di Maria has declined to be re-elected as permitted by Clause 12.13 of the Company's Constitution. Written notice in accordance with clause 12.7 has been provided.

Item 4: Ratify appointment of Dr Naveen Somia as Director

The Company appointed an additional non-executive director in accordance with Clause 12.1 and 12.2 of the Company's Constitution which allows up to maximum of seven directors.

Dr Naveen Somia (MBBS, PhD, FRACS) was appointed by the Company on 6th October 2016.

Dr Naveen Somia is a Fellow of the Royal Australasian College of Surgeons (FRACS) and a member of the Australian Society of Plastic Surgeons (ASPS), the peak body of Specialist Plastic Surgeons in Australia.

"My work in Plastic and Cosmetic Surgery is at the core of my passion, and my greatest reward comes from helping patients regain their confidence and sense of self.

I devote my experience and expertise to ensuring that patients walk away with the outcomes they desire. My approach integrates unyielding dedication to advancements in Cosmetic and Plastic Surgery with compassion, empathy and care."

This is Dr Somia's first appointment as a Director.

Recommendation

Shareholders are asked to vote in favour of election of Dr Naveen Somia as a Director of the Company.

Item 5: Ratification and approval of previous allotment and issue of securities

Background

On 18th July 2016, 6th September 2016 and 7th September 2016, a combined total of 7,134,385 fully paid ordinary shares, were issued to various vendors of acquisitions executed by the Company.

5,816,667 shares were issued on 18th July 2016 to the vendors as part payment for the acquisition of COZMedics Kenmore, COZMedics Ascot, COZMedics Maroochydore, Facial Artistry Canberra, and Endless Solutions Port Melbourne in accordance with the respective business sale and purchase agreements as detailed in the Investor Pack released on 9th June 2016.

817,718 shares were issued on 6th September 2016 to the vendors as part payment for the acquisition of COZMedics Kenmore, COZMedics Ascot and COZMedics Maroochydore in accordance with the respective business sale and purchase agreements as detailed in the Investor Pack released on 9th June 2016.

500,000 shares were issued on 7th September 2016 to the vendors as part of the final payment for the acquisition of Heber Davis as outlined in the Company's Prospectus and in accordance with the respective business sale and purchase agreement.

Shareholder ratification of the prior allotments is now being sought for the purposes of Listing Rule 7.4.

Under Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any 12-month rolling period without shareholder approval. Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue, and thereby refresh its ability in the future to issue further shares without obtaining prior shareholder approval.

The issue of the shares to the Subscribers was within the 15% limitation imposed by ASX Listing Rule 7.1, however Total Face Group is now seeking shareholder ratification and approval for the issue of these shares - which will effectively refresh the Company's ability to issue further securities under its 15% authority pursuant to ASX Listing Rule 7.1.

Regulatory Requirements

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to ratify an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

a) The number of securities the entity issued:

- i. A total of 7,134,385 fully paid ordinary shares have been issued pursuant to the Company's 15% entitlement under ASX Listing Rule 7.1.

b) The issue price of the securities:

- i. 5,816,667 shares were issued on 18th July 2016 at an issue price of 30 cents per share to the vendors of COZMedics Kenmore, COZMedics Ascot, COZMedics Maroochydore, Facial Artistry Canberra, and Endless Solutions Port Melbourne.

- ii. 817,718 shares were issued on 6th September 2016 at an issue price of 30 cents per share to the vendors of COZMedics Kenmore, COZMedics Ascot and COZMedics Maroochydore.
- iii. 500,000 shares were issued on 7th September 2016 at an issue price of \$0.25 cents per share to the vendors of Heber Davis.

c) The terms of the securities:

- i. The shares issued were fully paid ordinary shares ranking equally in all respects with all other fully paid ordinary shares then on issue in the Company. All shares issued are subject to voluntary escrow with a restriction for a period of 12 months.

d) The names of the allottees (or the basis on which the allottees were determined):

- i. The issue of 600,000 shares to Seldne Holdings Pty Ltd, was in consideration for the acquisition of the cosmetic injectable business of Endless Solutions.
- ii. The issue of 266,667 shares to Bernard & Jennifer Leung Pty Ltd, was in consideration for the acquisition of the cosmetic injectable business of Facial Artistry.
- iii. The issue of 4,179,051 shares to COZmedics Results Pty Ltd ATF the COZmedics Results Unit Trust, was in consideration for the acquisition of the cosmetic injectable business of COZMedics Kenmore, COZMedics Ascot, COZMedics Maroochydore.
- iv. The issue of 794,333 shares to Cozmedics, The Australian Cosmetic Medical Group Pty Ltd ATF the Cozmedics Kenmore Trust, was in consideration for the acquisition of the cosmetic injectable business of COZMedics Kenmore, COZMedics Ascot, COZMedics Maroochydore.
- v. The issue of 794,334 shares to David Charles Richardson and Dr Angela Richardson ATF The Richardson Family Trust, was in consideration for the acquisition of the cosmetic injectable business of COZMedics Kenmore.
- vi. The issue of 500,000 shares to GHDD Nominees Pty Ltd, was in consideration for the acquisition of the cosmetic injectable business of Heber Davis.

e) The intended use of the funds raised:

- i. Not applicable. As outlined above the issued shares formed part of the purchase consideration for the acquisitions by the Company of the business conducted by COZMedics Kenmore, COZMedics Ascot, COZMedics Maroochydore, Facial Artistry Canberra, Endless Solutions Port Melbourne and Heber Davis Pty Ltd.

Recommendation

Shareholders are asked to vote in favour of the allotment and issue of securities to the Vendors as outlined above.

Item 6: Approval of amendment to the terms of the Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) allows the Board to determine the exercise price of performance rights granted under the LTIP. At the date of the Prospectus, the Company stated it would grant performance rights to eligible participants at the end of financial year 2016 at an exercise price of \$0.50 per share.

The LTIP was established to assist in the motivation, retention and reward of the Company's Directors and senior executives. The LTIP is designed to align the interests of Directors and senior executives more closely with the interests of Shareholders by providing an opportunity for Directors and senior executives to receive an equity interest in the Company through a potential exercise of rights granted under the LTIP.

The Board wishes to amend the exercise price to \$0.25 to be more in line with the Company's current share price and to ensure that the underlying reason for it is maintained.

The Board notes it is not strictly required to seek member approval under the LTIP or ASX Listing Rules to change the exercise price of its performance rights. However, the Board has decided to put the matter to Shareholders in the interests of clarifying the disparity between the exercise price predicted in the Prospectus, and the exercise price contained in Resolutions 5-8.

The Board also notes that the proposed performance rights exercise price of \$0.25 is in line with the Company's capital raising undertaken in July 2016, in which shares were issued at \$0.25 per share.

Eligible participants under the LTIP will be excluded from voting on Resolution 4.

Recommendation

Shareholders are asked to vote in favour of the amendment to the terms of the Long Term Incentive Plan.

Item 7: Approval of grant of Rights to the Executive Chairman under the Long Term Incentive Plan

ASX Listing Rule 10.14 prevents the Company from issuing securities to directors and their associates under the Company's LTIP unless approved by the Shareholders of the Company. A brief summary of the proposed terms of the Plan was contained in the Company's Prospectus. Further details of the Plan are set out in the Schedule 1 to this Explanatory Statement.

Accordingly, and subject to the required member approval, the Company intends to issue 3,762,698 performance rights to Mr Paul Fielding within 21 days of receiving such approval. To enable the Shareholders to approve the resolution under Item 6, the following information is provided in compliance with ASX Listing Rule 10.15:

Eligibility	All directors or executives of the Company or any of its subsidiaries are eligible to participate.
Number of performance rights to be issued	3,762,698
Exercise price	\$0.25 per share
Exercise Period	The rights will vest at the completion of each of the three performance periods depending on satisfying performance condition hurdles. If a right does not vest at the end of the first and/or second performance period, it remains available for vesting at the end of the next performance period. If a right has not vested by the end of the third performance period, it will lapse. The performance rights will lapse in the event that Paul Fielding ceases his contract with the Company.
Loan Available	No
Date by which the Company will issue the performance rights	Within 21 days of receiving required member approval.
Number of performance rights previously granted to Paul Fielding	Nil

Recommendation

The Directors, other than Mr Paul Fielding, recommend voting in favour of this resolution.

Item 8: Approval of grant of Rights to the Chief Executive Officer under the Long Term Incentive Plan

ASX Listing Rule 10.14 prevents the Company from issuing securities to directors and their associates under the Company's LTIP unless approved by the Shareholders of the Company. A brief summary of the proposed terms of the Plan was contained in the Company's Prospectus. Further details of the Plan are set out in the Schedule 1 to this Explanatory Statement.

Accordingly, and subject to the required member approval, the Company intends to issue 535,000 performance rights to Mrs Joanne Hannah within 21 days of receiving such approval. To enable the Shareholders to approve the resolution under Item 6, the following information is provided in compliance with ASX Listing Rule 10.15:

Eligibility	All directors or executives of the Company or any of its subsidiaries are eligible to participate.
Number of performance rights to be issued	535,000
Exercise price	\$0.25 per share
Exercise Period	The rights will vest at the completion of each of the three performance periods depending on satisfying performance condition hurdles. If a right does not vest at the end of the first and/or second performance period, it remains available for vesting at the end of the next performance period. If a right has not vested by the end of the third performance period, it will lapse. The performance rights will lapse in the event that Joanne Hannah ceases her contract with the Company.
Loan Available	No
Date by which the Company will issue the performance rights	Within 21 days of receiving required member approval.
Number of performance rights previously granted to Joanne Hannah	Nil

Recommendation

The Directors and Officers, other than Mrs Joanne Hannah, recommend voting in favour of this resolution.

Item 9: Approval of grant of Rights to the Head of Clinical Operations under the Long Term Incentive Plan

ASX Listing Rule 10.14 prevents the Company from issuing securities to directors and their associates under the Company's LTIP unless approved by the Shareholders of the Company. A brief summary of the proposed terms of the Plan was contained in the Company's Prospectus. Further details of the Plan are set out in the Schedule 1 to this Explanatory Statement.

Accordingly, and subject to the required member approval, the Company intends to issue 400,000 performance rights to Mrs Jane Fielding within 21 days of receiving such approval. To enable the Shareholders to approve the resolution under Item 6, the following information is provided in compliance with ASX Listing Rule 10.15:

Eligibility	All directors or executives of the Company or any of its subsidiaries are eligible to participate.
Number of performance rights to be issued	400,000
Exercise price	\$0.25 per share
Exercise Period	The rights will vest at the completion of each of the three performance periods depending on satisfying performance condition hurdles. If a right does not vest at the end of the first and/or second performance period, it remains available for vesting at the end of the next performance period. If a right has not vested by the end of the third performance period, it will lapse. The performance rights will lapse in the event that Jane Fielding ceases her contract with the Company.
Loan Available	No
Date by which the Company will issue the performance rights	Within 21 days of receiving required member approval.
Number of performance rights previously granted to Jane Fielding	Nil

Recommendation

The Directors and Officers, other than Mrs Jane Fielding, recommend voting in favour of this resolution.

Item 10: Approval of grant of Rights to the Chief Financial Officer and Company Secretary under the Long Term Incentive Plan

ASX Listing Rule 10.14 prevents the Company from issuing securities to directors and their associates under the Company's LTIP unless approved by the Shareholders of the Company. A brief summary of the proposed terms of the Plan was contained in the Company's Prospectus. Further details of the Plan are set out in the Schedule 1 to this Explanatory Statement.

Accordingly, and subject to the required member approval, the Company intends to issue 400,000 performance rights to Mrs Liza Juegan within 21 days of receiving such approval. To enable the Shareholders to approve the resolution under Item 6, the following information is provided in compliance with ASX Listing Rule 10.15:

Eligibility	All directors or executives of the Company or any of its subsidiaries are eligible to participate.
Number of performance rights to be issued	400,000
Exercise price	\$0.25 per share
Exercise Period	The rights will vest at the completion of each of the three performance periods depending on satisfying performance condition hurdles. If a right does not vest at the end of the first and/or second performance period, it remains available for vesting at the end of the next performance period. If a right has not vested by the end of the third performance period, it will lapse. The performance rights will lapse in the event that Liza Juegan ceases her contract with the Company.
Loan Available	No
Date by which the Company will issue the performance rights	Within 21 days of receiving required member approval.
Number of performance rights previously granted to Liza Juegan	Nil

Recommendation

The Directors and Officers, other than Mrs Liza Juegan, recommend voting in favour of this resolution.

Item 11: Approval of placement facility

Under ASX Listing Rule 7.1A certain companies may seek shareholder approval by special resolution passed at an annual general meeting to have the additional capacity to issue equity securities which do not exceed 10% of the existing ordinary share capital without further shareholder approval.

Approval of this special resolution is sought for the Company to issue ordinary shares under ASX Listing Rule 7.1A.

If the special resolution is approved the Company may make an issue of ordinary shares under ASX Listing Rule 7.1A at any time (either on a single date or progressively) up until the earlier of:

- (a) The date which is 12 months after the date of the 2012 Annual General Meeting; or
- (b) The date on which shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

Accordingly, the approval given if the special resolution is passed will cease to be valid on the earlier of 15th November 2017 or the date on which holders of the Company's ordinary securities approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

At the date of this Explanatory Memorandum, the Company is an "eligible entity", and therefore able to seek approval under ASX Listing Rule 7.1A, as it is not included in the S&P/ASX300 and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million). If at the time of the 2016 Annual General Meeting the Company is no longer an eligible entity this special resolution will be withdrawn.

The maximum number of ordinary shares which may be issued in the capital of the Company under the approval sought by this special resolution will be determined in accordance with the following formula prescribed in ASX Listing Rule 7.1.A.2:

$(A \times D) - E$

Where:

- A** is the number of shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of fully paid ordinary shares issued in the past 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that become fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval);
 - (iv) less the number of fully paid ordinary shares cancelled in the 12 months.

The ability of the Company to make an issue under ASX Listing Rule 7.1A is in addition to its 15% placement capacity under ASX Listing Rule 7.1. The effect of this special resolution will be to allow the Company to issue ordinary shares under ASX Listing Rule 7.1A without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Explanatory Memorandum, the Company has on issue 121,842,338 ordinary shares and therefore has capacity to issue:

- 18,276,351 equity securities under ASX Listing Rule 7.1; and
- Subject to shareholder approval being sought under this special resolution, 12,184,234 ordinary securities under ASX Listing Rule 7.1A.

The actual number of shares which may be issued under ASX Listing Rule 7.1A (and ASX Listing Rule 7.1) will be a function of the number of shares on issue at the time an issue is proposed as calculated per the formula set out above.

The issue price of the ordinary shares issued under ASX Listing Rule 7.1A will be determined at the time of issue. The minimum price at which the ordinary shares the subject of this special resolution will be issued is 75% of the of the volume weighted average market (closing) price ("VWAP") of the Company's ordinary shares calculated over the last fifteen (15) days on which trades in that class were recorded immediately before either:

- the date on which the price at which the securities are to be issued is agreed;
- if the securities are not issued within 5 ASX trading days of the date on the price at which the securities are to be issued is agreed, the date on which the securities are issued.

If this special resolution is approved, and the Company issues ordinary shares under ASX Listing Rule 7.1A, the existing shareholders' voting power in the Company will be diluted. There is a risk that:

- the market price for the Company's ordinary shares may be significant lower on issue date than on the date of the approval of this special resolution; and
- the ordinary shares issued under ASX Listing Rule 7.1A may be issued at a price that is at a discount (as described above) to the market price for the Company's ordinary shares on the issue date;

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

The table below sets out the dilution of existing shareholders on the basis of:

- The current market price of the Company's ordinary shares and the current number of ordinary securities as at the date of this Explanatory Memorandum.
- Two examples where the number of ordinary shares on issue ("A" in the formula set out above) has increased by 50% and 100%. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, pro-rata entitlements issues) or as a result of future placements under ASX Listing Rule 7.1 that are approved by shareholders.
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at the date of this Explanatory Memorandum

			Dilution		
			50% decrease in issue price	Issue**	50% increase in issue price
Variable "A" ASX Listing Rule 7.1A2	"A" is the current shares on issue: 121,842,338	10% voting Dilution	12,184,234 shares	12,184,234 shares	12,184,234 shares
		Funds Raised	\$ 1,736,253	\$ 3,472,507	\$ 5,208,760
	"A" is a 50% increase in the current shares on issue: 182,763,507 *	10% voting Dilution	18,273,351 shares	18,273,351 shares	18,273,351 shares
		Funds Raised	\$ 2,603,953	\$ 5,207,905	\$ 7,811,858
	"A" is a 100% increase in the current shares on issue: 243,684,676 *	10% voting Dilution	24,268,468 shares	24,268,468 shares	24,268,468 shares
		Funds Raised	\$ 3,458,257	\$ 6,916,513	\$ 10,374,770

Notes:

- ii) The table assumes that the Company issues the maximum number of ordinary shares available under ASX Listing Rule 7.1A.
- iii) The table assumes that no options are exercised in ordinary shares before the date of the issue of ordinary shares under ASX Listing Rule 7.1A.
- iii) The table does not show an example of dilution that may be caused to a particular shareholder by reason of issues of ordinary shares under ASX Listing Rule 7.1A based on that shareholder's holding at the date of this Explanatory Memorandum.
- iv) The table shows the effect of an issue of ordinary shares under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.

* Any issue of ordinary shares is required to be made in accordance with the ASX Listing Rules. Any issue made other than under the Company's 15% capacity under ASX Listing Rule 7.1 or the Company's additional 10% capacity under ASX Listing Rule 7.1A and not otherwise made under an exemption in ASX Listing Rule 7.2 would require shareholder approval.

** Based on closing price of the Company's shares on ASX on 5th October 2016 of \$0.283.

If this special resolution is approved the Company will have the ability to issue up to 10% of its issued capital without further shareholder approval and therefore allow it to take advantage of opportunities to obtain further funds if required and available in the future.

As at the date of this Explanatory Memorandum the Company has not formed an intention to offer any ordinary shares under ASX Listing Rule 7.1A to any particular person or at any particular time. The total amount that may be raised by the issue of equity securities under ASX Listing Rule 7.1A will depend on the issue price of the ordinary shares which will be determined at the time of issue. In some circumstances the Company may issue ordinary shares under ASX Listing Rule 7.1A for non-cash consideration (for example, in lieu of cash payments to vendors). While the Company has not formed an intention to offer any ordinary shares under ASX Listing Rule 7.1A, some of the purposes for which the Company may issue ordinary shares under ASX Listing Rule 7.1A include but are not limited to:

- (a) Raising funds to be applied to the Company's working capital requirements.
- (b) Acquiring assets. In these circumstances the issue of ordinary shares may be made in substitution for the Company making a cash payment for the assets. If the Company elects to issue the ordinary shares for the purposes of acquiring assets then the Company will release to the market a valuation of the assets prior to issuing the shares.

Details regarding the purposes for which any particular issue under ASX Listing Rule 7.1A is made will be more fully detailed in an announcement to the ASX made pursuant to ASX Listing Rule 7.1A4 and ASX Listing Rule 3.10.5A at the time the issue is made. The decision on whether to make an issue under ASX Listing Rule 7.1A will be determined by the Company having regard to a number of factors including:

- (a) The capital raising and acquisition opportunities available to the Company and any alternative methods for raising funds or acquiring assets that are available to the Company.
- (b) The potential effect on the control of the Company.
- (c) The Company's financial situation and the likely future capital requirements.
- (d) Advice from the Company's corporate or financial advisors.

Offers made under ASX Listing Rule 7.1A may be made to parties including professional and sophisticated investors, existing shareholders of the Company, or any other person to whom the Company is able to make an offer of ordinary shares. The allocation policy the Company may adopt for a particular issue of ordinary shares under ASX Listing Rule 7.1A and the terms on which those ordinary shares may be offered will depend upon the circumstances existing at the time of the proposed capital raising under ASX Listing Rule 7.1A. Subject to the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth), the Directors reserve the right to determine, at the time of any issue of ordinary shares under ASX Listing Rule 7.1A the allocation policy the Company will adopt for that issue. Factors that will be considered by Directors in determining the allocation policy will include, but not limited to, the:

- size of the raising;
- external advisor engaged by the Company to undertake the capital raise; and
- current register of members,

at the time of any issue of ordinary shares under ASX Listing Rule 7.1A.

The Company has not previously obtained the approval of ordinary shareholders for the issue of ordinary shares under ASX Listing Rule 7.1A.

Recommendation

The resolution is a Special Resolution which requires at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) to be in favour of the resolution for it to be passed.

The Directors of the Company believe that the Special Resolution is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this resolution.

Schedule 1 – Terms of Long Term Incentive Plan

The Company has established a Long Term Incentive Plan (LTIP) to assist in the motivation, retention and renewal of the Company's directors and executives.

The LTIP is designed to align the interests of directors and executives more closely with the interests of shareholders by providing an opportunity for directors and executives to receive an equity interest in the company through a potential exercise of rights granted under the LTIP. If exercised, each performance right entitles the participant to one fully paid ordinary share in the Company.

The number of exercisable rights will be determined by reference to two equally weighted performance conditions:

- i. Total Shareholder Return (TSR); and
- ii. 50% Earnings per Share (EPS).

Both TSR and EPS performance conditions are expressed as a percentage of a compound annual growth rate ('CAGR') during the relevant period.

The TSR growth performance condition is a measure of the increase in the price of a share measured over the relevant period, based on the assumption that dividends are reinvested, with the issue price used as the base level.

The EPS growth performance condition will be measured as the annual compound percentage increase in the Company's EPS over the relevant performance period. The base level of EPS will be calculated by dividing the Company's net profit after tax ('NPAT'), excluding any unusual items, with the number of shares on issue as at the relevant reporting end date.

In the first three years of the operation of the Plan, the number of Rights to be granted will be limited to those granted around the time of the Completion of the Offer following the Initial Public Offering ('IPO') and will represent not more than 15% of the number of shares as at the Completion of the Offer.

The number of Rights to be vested is dependent on satisfying the following performance condition hurdles:

- i. 20% of the EPS Rights and TSR Rights will vest if the minimum EPS growth hurdle condition of 20% EPS and TSR CAGR is achieved over the relevant performance period;
- ii. 100% of the EPS Rights and TSR Rights will vest if the EPS and TSR growth hurdle of 35% EPS and TSR CAGR is achieved over the relevant performance period; and
- iii. If the EPS and TSR CAGR is within the range of 20% to 35% EPS CAGR, the number of EPS Rights and TSR Rights that will vest will be straight line pro-rata basis.

There are three separate performance periods that apply to the EPS and TSR Rights:

- i. 20% of the EPS Rights and TSR Rights will be assessed against EPS and TSR growth measured in the one year period from the date of their granting and the next relevant reporting end date;
- ii. 50% of the EPS Rights and TSR Rights will be assessed against EPS and TSR growth measured in the two year period from the date of their granting and the next relevant reporting end date; and
- iii. 30% of the EPS Rights and TSR Rights will be assessed against EPS and TSR growth measured in the three year period from the date of their granting and the next relevant reporting end date.

If an EPS Right or TSR Right does not vest at the end of the first and/or second performance period, it does not lapse and remains available for vesting at the end of the next applicable performance period. If an EPS Right or TSR Right has not vested by the end of the third performance period, it will lapse. There is no further re-vesting after the third performance period.

Other key features of the LTIP are as follows:

Administration	The LTIP is administered by the Board or the Board's delegate.
Eligibility	Participation in the LTIP is by invitation to directors and executives. The Board may determine which Shareholders of executives are eligible.
Award	A right will vest on the satisfaction of the applicable performance, service or other vesting conditions specified at the time of the grant.
Change in control	Generally in the event of a change in control of the Company, unvested rights will vest on a pro rata basis having regard to the proportion of the performance period that has passed and after testing the relevant performance conditions at the time. The Board has the discretion to determine whether a change in control has occurred and the treatment of the rights at the time.
Rights	Each Right carries the conditional right to receive a share, by issue or transfer, upon vesting (subject to the offer).
Rights Exercise Price	The Exercise price of rights is an amount determined by the Board or by the application of a method of calculating the Exercise Price that is prescribed by the Board.
Shares	Unless otherwise specified in an offer made under the LTIP, shares under the LTIP rank equally with all existing shares from the date of the issue or transfer.
Cessation of employment	Upon resignation, a participant's unvested rights will lapse. In addition, in instances where the participant's employment was terminated for cause or as a result of unsatisfactory performance, unvested rights will lapse. In other circumstances, a person ceasing employment may retain unvested rights with vesting to be treated at the end of the relevant performance period. However, in all cases, the Board has discretion to permit a participant to retain unvested rights, including a discretion to reduce the number of retained unvested rights to reflect the part of the performance for which the participant was employed.
Quotation	The Company will apply for official quotation of any shares issued under the LTIP upon their vesting and payment of exercise monies.
Amendments	The Company may amend, terminate or suspend the LTIP at any time, provided such action does not adversely affect or prejudice rights of participants holding rights at the time.

For further information please refer to the LTIP & Rules on the company's website - www.totalfacegroup.com