



Notice of Annual General Meeting and Explanatory Memorandum

iSonea Limited:	ACN 009 234 173
Date of Meeting:	Thursday 26 th November 2015
Time of Meeting:	3.30pm (Melbourne time) Registration from 3:00pm
Place of Meeting:	Giorgios Restaurant Function Room, 1235 High Street, Armadale Victoria, 3143

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 adviser.

iSONEA LIMITED

ACN 009 234 173

Notice is given that the 2015 Annual General Meeting of iSonea Limited ("the **Company**" or "**iSonea**") will be held at Giorgios Restaurant Function Room, 1235 High Street, Armadale Victoria, 3143 on Thursday 26th November 2015 at 3:30pm (Melbourne, Victorian, daylight saving time), for the purposes of considering and, if thought fit, passing each of the resolutions referred to in this Notice of Annual General Meeting.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of Annual General Meeting.

Please read this Notice of Annual General Meeting carefully and consider directing your proxy on how to vote on each resolution by marking the appropriate box on the proxy form included with this Notice of Annual General Meeting. Shareholders who intend to appoint the Chairman as proxy (including appointment by default) should have regard to Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

ORDINARY BUSINESS**2015 Annual Financial Statements**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors' and the reports of the Directors and Auditors.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's annual financial statements and reports.

A representative of Company's Auditor, BDO Auditors, will be present at the Meeting and Shareholders will have an opportunity to ask the Auditor questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies, and the independence of the Auditor.

The iSonea Limited 2015 Annual Report can be viewed online at the Company's website www.isonea.com on the "Quarterly and Annual Reports" page under "Investors" tab.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, the following resolution as an advisory and non-binding ordinary resolution:

"THAT, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2015 included in the Directors' Report, which is attached to the Company's Annual Financial Report as required under section 300A of the Corporations Act, be adopted by the Company."

Voting Exclusion and Restriction Statement:

The Company will disregard all votes cast on Resolution 1 by, or on behalf of:

- a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2015; or
- a closely related party of a KMP, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on Resolution 1 by a KMP or a closely related party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a closely related party of a KMP and either:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or
- the proxy is the Chairman of the meeting and the appointment of the Chairman as proxy specifies the way the proxy is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

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.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of KMP include its directors and certain senior executives.

A closely related party of a member of the KMP means any of the following:

- *a spouse, child or dependent of the member;*
- *a child or dependent of the member's spouse;*
- *anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;*
- *a company the member controls; or*
- *a person prescribed by regulations (as at the date of this notice of meeting, no additional persons have been prescribed by regulation).*

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 1 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 2: Re-election of Director Dr. Timothy Oldham

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

"THAT, for the purposes of ASX Listing Rule 14.4, clause 13.3 of the Constitution and for all other purposes, Dr. Timothy Oldham, a Non-Executive Director of the Company retires and, being eligible, be re-elected as a Director of the Company."

Further details in respect of Resolution 2 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 3: Election of Director Mr. Ross Blair-Holt

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

"THAT, Mr. Ross Blair-Holt, who was appointed to fill a casual vacancy position on the board and being eligible for election in accordance with Rule 13.4 of the Company's Constitution and for all other purposes, offers himself for election, be elected as a Director."

Further details in respect of Resolution 3 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 4: Issue of Unlisted Options to Mr. Ross Blair-Holt

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

"THAT, for the purposes of ASX Listing Rule 10.11, shareholders approve the issue of 2,000,000 Unlisted Options in the Company to Mr. Ross Blair-Holt, a director of the Company, and/or his nominee, on the basis as set out in the Explanatory Memorandum which accompanies and forms part of the Notice of Annual General Meeting."

Voting Exclusion and Restriction Statement:

The Company will, for the purposes of the ASX Listing Rule 14.11, disregard any votes cast on Resolution 4 by:

- *persons who are to receive securities in relation to the Company; or*
- *an associate of those persons.*

However, for the purposes of the ASX Listing Rules, the Company need not disregard a vote on Resolution 4 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*
- *it is cast by 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.*

In accordance with Section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment on any of Resolution 4 if:

- *the proxy is either a member of the Company's KMP or a closely related party of a KMP; and*
- *the appointment does not specify the way the proxy is to vote on the resolutions.*

However, for the purposes of Section 250BD of the Corporations Act, the above prohibition does not apply if:

- the proxy is the Chairman of the meeting; and
- the appointment expressly authorises the Chairman to exercise the proxy even if each of the resolutions is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 4 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 5: Issue of Unlisted Options to the Wall Partnership P/L

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

"THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 2,000,000 Unlisted Options in the Company to The Wall Partnership P/L (ABN: 73 469 719 989), and/or their nominee, on the basis as set out in the Explanatory Memorandum which accompanies and forms part of the Notice of Annual General Meeting."

Voting Exclusion and Restriction Statement:

The Company will disregard any votes cast on Resolution 5 by The Wall Partnership or its nominee (if any), and any of its nominees' associates.

However, the Company need not disregard a vote on Resolution 5 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
- it is cast by 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.

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 5 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

SPECIAL BUSINESS

Resolution 6: Appointment of Deloitte Touche Tohmatsu as the Company's auditor

To consider, and if thought fit, to pass, the following resolution as a special resolution:

"THAT, subject to ASIC accepting the resignation of BDO East Coast Partnership Pty Ltd as the Company's auditor, Deloitte Touche Tohmatsu, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company."

Further details in respect of Resolution 6 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 7: Change of Company's Name

To consider, and if thought fit, to pass, the following resolution as a special resolution:

"THAT, pursuant to and in accordance with section 157 of the Corporations Act, the name of the Company be changed to "Respiri Limited" with effect from the date that ASIC registers the change in the name."

Further details in respect of Resolution 7 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Resolution 8: Approval of 10% Placement Issue

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

"THAT, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum to this Notice of Meeting, be and is hereby approved."

Voting Exclusion and Restriction Statement:

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 8 by a person who may participate in the 10% placement issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associates of those persons.

As at the date of this Notice of Meeting the Company has no specific plans to issue equity securities under the 10% placement issue and therefore it is not known who (if any) may participate in a potential (if any) issue of equity securities under the 10% placement issue.

However, the Company need not disregard a vote cast on the resolution 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*
- it is cast by 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.*

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 5 of this Notice of Annual General Meeting.

Further details in respect of Resolution 8 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

OTHER BUSINESS

To consider any other business that may be brought before the Meeting in accordance with the Constitution of the Company and the Corporations Act.

By the order of the Board;



Mr Peter Vaughan
Company Secretary

Dated: Friday, 23rd October 2015

*The accompanying Explanatory Memorandum, Proxy Form
and Voting Instructions form part of this Notice of Meeting.*

PROXY AND VOTING INSTRUCTIONS**Proxy Instructions**

A Shareholder who is entitled to attend and vote at this meeting may appoint:

- (a) one proxy if the Shareholder is only entitled to one vote; and
- (b) one or two proxies if the Shareholder is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes, in which case any fraction of votes will be disregarded.

The proxy may, but need not, be a member of the Company.

Where a Shareholder appoints two proxies, on a show of hands, neither proxy may vote if more than one proxy attends and on a poll each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the office of the Company's Company Secretaries on +61 (0)3 9822 7735 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder (or in the case of a joint holding, by each joint holder) or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy.

The appointment of one or more duly appointed proxies will not preclude a Shareholder from attending this meeting and voting personally. If the Shareholder votes on a resolution, the proxy must not vote as the Shareholder's proxy on that resolution.

A proxy form is attached to this Notice.

How the Chairman will vote undirected proxies

The Chairman of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions (this includes Resolution 1).

Proxies that are undirected on Resolution 1:

If you appoint the Chairman of the meeting as your proxy (or if he may be appointed by default), but you do not direct the Chairman how to vote in respect of Resolution 1 your election to appoint the Chairman as your proxy will be deemed to constitute an express authorisation by you directing the Chairman to vote your proxy in favour of all of Resolution 1 (unless you have exercised your right to direct the Chairman otherwise in respect of a particular Resolution by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions).

This express authorisation acknowledges that the Chairman may vote your proxy even if he or she has an interest in the outcome of Resolution 1, even if the Resolutions are connected directly or indirectly with remuneration of a member of the KMP of the Company (or if the Company is part of a consolidated entity, for the entity) and accordingly your votes will be counted in calculating the required majority if a poll is called.

Corporate Representatives

Any corporation which is a Shareholder of the Company may appoint a proxy, as set out above, or authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairperson of the meeting) a natural person to act as its representative at any general meeting.

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

Voting Entitlement

For the purposes of section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Board has determined that Shareholders entered on the Company's Register of Members as 24th November 2015 at 3.30pm (Melbourne, Victorian, daylight saving time) are entitled to attend and vote at the meeting. Transactions registered after that time will be disregarded in determining the Shareholders entitled to attend and vote at the meeting.

On a poll, Shareholders have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

In the case of joint holders of shares, if more than one holder votes at any meeting, only the vote of the first named of the joint holders in the share register of the Company will be counted.

ISONEA LIMITED

ACN 009 234 173
("the Company")

2015 ANNUAL GENERAL MEETING – EXPLANATORY MEMORANDUM**PURPOSE OF INFORMATION**

This Explanatory Memorandum ("this **Memorandum**") accompanies and forms part of the Company's Notice of the 2015 Annual General Meeting ("**AGM**") to be held at Giorgios Restaurant Function Room, 1235 High Street, Armadale Victoria, 3143 on Thursday 26th November 2015 at 3:30pm (Melbourne, Victorian, daylight saving time).

The Notice of the 2015 Annual General Meeting incorporates, and should be read together with, this Memorandum.

ORDINARY BUSINESS**2015 Annual Financial Statements**

The 2015 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015 will be laid before the meeting. Shareholders will have the opportunity to ask questions about or make comments on the 2015 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2015 Annual Financial Statements.

The Company's 2015 Annual Financial Statements are set out in the Company's 2015 Annual Report which can be obtained from the Company's website, www.isonea.com or upon request to the Company Secretary at Suite 1, 1233 High Street, Armadale, Victoria, 3143, Australia (telephone +61 (0)3 9824 5254).

There is no requirement for these reports to be formally approved by Shareholders. No resolution is required to be moved in respect of this item.

Resolution 1: Adoption of Remuneration Report

The Company is required, pursuant to the Corporations Act 2001, to propose at each annual general meeting a non-binding resolution that the Remuneration Report (which forms part of the Director's Report in the Annual Financial Statements) be adopted.

The purpose of Resolution 1 is to lay before the Shareholders the Company's Remuneration Report for the year ended 30 June 2015 so that Shareholders attending the 2015 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report and the management of the Company, and vote on an advisory and non-binding resolution to adopt the Remuneration Report.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The vote on the resolution for the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the 2015 Annual General Meeting are voted against the adoption of the Remuneration Report, then:

- (a) if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2015 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- (b) A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.

- (c) A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2016 Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Remuneration Report forms part of the Directors' Report which has been unanimously been adopted by resolution of the Board. The Directors have resolved in favour of the Remuneration Report and commend it to Shareholders for adoption. The Company encourages all Shareholders to cast their votes on Resolution 1.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either "For", "Against" or "Abstain" on the proxy form for this Resolution. If you appoint the Chairman of the meeting as your proxy (or if he may be appointed by default) and do not direct him how to vote on this Resolution 1, he will vote your proxy in favour of that item of business.

Resolution 2: Re-election of Directors Dr. Timothy Oldham

Pursuant to the Constitution of the Company, one-third of the Directors (excluding the Managing Director) or, if their number is not a multiple of three, the number nearest to one-third, not exceeding one third, are required to retire by rotation at each Annual General Meeting. The Company has five directors. Accordingly, one director is required to retire by rotation at the 2015 Annual General Meeting.

Accordingly, Dr. Timothy Oldham retires by rotation in accordance with clause 13.3 of the Constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election.

<i>Appointed to the Board</i>	6 th January 2014
<i>Elected by Shareholders</i>	28 th November 2014
<i>Experience</i>	<p>Dr. Timothy Oldham has more than a decade of direct life sciences business development, alliance management, market entry, and sales & marketing experience in Europe, Asia and Australia. He is CEO of Cell Therapies Pty Ltd, a leading Asia Pacific provider of collection, manufacturing, delivery and distribution capabilities for stem cell therapies and regenerative medicine and was President of Asia Pacific for Hospira, Inc. (2007 to 2012), having held a variety of senior management roles with Mayne Pharma (2002 to 2007) prior to its acquisition by Hospira. These roles encompass the development and commercialisation of pharmaceuticals, devices, biologics and cellular therapies.</p> <p>Prior to this, Dr. Oldham was an engagement manager with McKinsey & Co (1997 to 2001). He has been chairman of the European Generic Medicines Association Biosimilars and Biotechnology Committee, a Director of the Generic Medicines Industry Association and a member of the Pharmaceutical Industry Strategy Group. He is also a Director of Acrux Ltd (ASX:ACR).</p>
<i>Qualifications</i>	BSc (Hons), LLB (Hons), PhD, GAICD
<i>Committees</i>	Member of the Audit, Risk and Compliance Committee; and Chairman and Member of the Remuneration & Nomination Committee

The Directors (with Dr. Timothy Oldham abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 3: Election of Director Mr. Ross Blair-Holt

Mr. Ross Blair-Holt was appointed on 28th November 2015 to fill a casual vacancy on the Board, in accordance with the Company's Constitution. Mr. Blair-Holt will hold the office under his appointment until the next Annual General Meeting of shareholders and, being eligible, offers himself for election as a Director.

Experience

After graduating from Melbourne University in 1974 with a Bachelor of Commerce, Mr. Ross Blair-Holt was employed for 6 years (until 1980) with General Credits Ltd, a major Finance Company, originally as a Graduate Trainee, through Manager Planning to Executive Assistant to the CEO and Board of Directors.

From 1980-1986, Mr. Blair-Holt was employed by Citibank, as a Lending / Relationship Manager to middle market corporates, and major individuals, principally in the real estate and manufacturing areas.

In 1986, Mr. Blair-Holt joined the Bruce Mathieson Group, as his CEO and support staff. Subsequently he became a Director of all Bruce Mathieson Companies and has worked with Bruce for 29 years now. During that time, Bruce has been involved with many businesses, principally Hotels, Real Estate and various SME's.

From 2004 until 2014, as well as being a Director of ALH Group, Mr. Blair-Holt was employed by Woolworths Ltd as Chief Operating Officer of ALH Group. He remains as a Director of ALH Group, as well as being a Member of the ALH Audit & Risk Management Sub-Committee. During that period, he also looked after Bruce Mathieson private interests.

Mr. Ross Blair-Holt's key skills are strategic and structured decision making at all levels, finance expertise, business processes, risk management, and governance.

Qualifications

BCom, FCPA

Committees

Member of the Audit, Risk and Compliance Committee

The Directors (with Mr. Ross Blair-Holt abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 4: Issue of Unlisted Options to Mr. Ross Blair-Holt

ASX Listing Rule 10.11 requires a company to obtain approval of shareholders to issue shares to a related party of the Company. A related party includes a director of the Company. Resolution 4 is proposed to obtain shareholder approval for the total issue of 2,000,000 Unlisted Options, exercisable at \$0.28 per option on or before 3rd February 2017, to Mr. Ross Blair-Holt, and/or their nominees.

These Options are to be issued to Mr. Ross Blair-Holt, and/or their nominees, as remuneration in recognition of the additional special exertion services performed since being appointed, which were far over and above those services deemed usual for a director of a company with iSonea's positioning, together with additional services that will be required to be exerted over the coming 3 years. These options are to be issued in lieu of additional cash remuneration. The exercise price is equal to the iSonea ordinary share price at the time the majority of the current board was formed.

The following information is provided in accordance with the requirements of ASX Listing Rule 10.13:

- (a) total number of securities to be issued is 2,000,000 Unlisted Options, at exercise price of \$0.28 per option, exercisable on or before 3rd February 2017, and should Mr. Ross Blair-Holt resign prior to this date any unexercised options may be cancelled by iSonea in proportion to the length of service of the director;
- (b) the options will be issued to Mr. Ross Blair-Holt and/or his nominee;
- (c) the options will be issued no later than one (1) month after the date of the meeting; and
- (d) no funds will be raised by the issue of the options the subject of Resolution 4.

ASX Listing Rule 7.1 requires the prior approval of shareholders in General Meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12 month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities

under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

As the securities form part of the directors' remuneration, it is not necessary to seek approval under Chapter 2E of the *Corporations Act* to issue the shares in Resolution 4.

The Directors (with Mr. Ross Blair-Holt abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 5: Issue of Unlisted Options to The Wall Partnership P/L

Resolution 5 is proposed to obtain shareholder approval to issue of 2,000,000 Unlisted Options in the Company to The Wall Partnership P/L (ABN: 73 469 719 989), and/or his nominee. The Wall Partnership P/L has played a key project management role since the new Board was appointed in February 2014. They have supported the Chairman in the build of iSonea's new technology platform, clinical trial development and in the project management of all outsourced partners.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (a) total number of securities to be issued is 2,000,000 Unlisted Options, at exercise price of \$0.28 per option, exercisable on or before 3rd February 2017;
- (b) the options will be issued to The Wall Partnership P/L and/or his nominee;
- (c) the options will be issued no later than three (3) months after the date of the meeting; and
- (d) no funds will be raised by the issue of the options the subject of Resolution 5.

ASX Listing Rule 7.1 requires the prior approval of shareholders in General Meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12 month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The Directors recommend that you vote in favour of this Ordinary Resolution.

SPECIAL BUSINESS

Resolution 6: Appointment of Deloitte Touche Tohmatsu as the Company's Auditor

For the purposes of section 327 of the *Corporations Act*, Shareholder approval is sought to appoint, subject to receipt of consent from ASIC, Deloitte Touche Tohmatsu ("Deloitte") as the new auditor of the Company, following the resignation of BDO East Cost Partnership Pty Ltd ("BDO").

Resolution 6 is required to fill the vacancy created by the resignation of BDO as the Company's auditor.

David Ashmore, being a Shareholder of the iSonea Limited, has nominated Deloitte to be appointed Company auditor. A copy of the nomination is attached to this Notice of Meeting.

The Board supports the appointment of Deloitte as the Company's auditor and recommends that Shareholders vote in favour of Resolution 6.

If Resolution 6 is passed, and ASIC consents to the resignation of BDO as the Company's auditor, then the appointment of Deloitte as the Company's auditor will take effect at the later of the close of this Meeting, or receipt of ASIC consent of BDO resignation.

Resolution 7: Change of Company's Name

The Company wishes to change its name from iSonea Limited to 'Respiri Limited', effective from the date that ASIC registers the change of name. The change of name is proposed so that the Company's name better reflects its current activities in the respiratory health market.

The Company has reserved the proposed change of name with ASIC, immediately prior to the Annual General Meeting, to ensure the name is available should shareholders approve this resolution.

The resolution changing the Company's name is a special resolution. A special resolution is a resolution that requires at least 75% of the votes cast by members entitled to vote, vote in favour on the resolution.

Resolution 8: Approval of 10% placement issue**ASX Listing Rule 7.1A**

In 2012, the ASX introduced ASX Listing Rule 7.1A which enables certain 'eligible entities' to issue equity securities of up to 10% of their issued share capital through placements over the 12 month period commencing after the annual general meeting at which the additional approval is obtained (Additional Placement Capacity). ASX Listing Rules require that Shareholders approve the Additional Placement Capacity by special resolution, at an annual general meeting before any equity securities are issued under the Additional Placement Capacity.

For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an 'eligible entity' for the purpose of ASX Listing Rule 7.1A. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. Therefore, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 10% of the Company's issued share capital pursuant to ASX Listing Rule 7.1A and up to 15% pursuant to ASX Listing Rule 7.1. If the Additional Placement Capacity is not approved, the Directors will still be allowed to issue equity securities of up to 15% of the Company's issued capital pursuant to ASX Listing Rule 7.1.

The Company seeks Shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity should the need arise.

Formula for calculating 10% Placement Facility

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

(A x D) – E

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

- a) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) 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 shares under the entity's 15% placement capacity without shareholder approval;
- d) less the number of fully paid shares cancelled in the 12 months.
- e) Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A the Company provides the following information.

Any securities issued under the Additional Placement Capacity will be in the same class as existing quoted securities of the Company. The Company has the following classes of quoted equity securities as at the date of this Notice of Meeting;

- Ordinary fully paid shares ASX code ISN

The issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

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

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in Table 1). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- Friday, 25 November 2016; and
- the date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2 or such longer period if allowed by the ASX.

Any approval of the Additional Placement Capacity at this Meeting will cease to be valid if and from the date that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the Additional Placement Capacity for the following purposes:

- non-cash consideration: for the acquisition of new assets or the settlement of obligations (in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rules); or
- cash consideration: to raise funds for working capital, to fund product research, development and commercialisation programs or for the acquisition of new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A (4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue.

The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial position of the Company; and
- advice from the Company's advisors.

The Directors have not decided if they will issue any securities under the Additional Placement Capacity and so allottees under the Additional Placement Capacity have not yet been determined. If Directors decide to issue securities under the Additional Placement Capacity, allottees may include existing Shareholders, existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Table 1 shows the dilution of Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2).

The table also shows:

- I. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- II. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.03 50% decrease in Deemed Price	\$0.06 Deemed Price (current price)	\$0.12 100% Increase in Deemed Price
Current Variable A 281,588,816 Shares	10% Voting Dilution	28,158,882 Shares	28,158,882 Shares	28,158,882 Shares
	Funds raised	\$844,766	\$1,689,533	\$3,379,066
50% increase in current Variable A 422,383,224 Shares	10% Voting Dilution	42,238,322 Shares	42,238,322 Shares	42,238,322 Shares
	Funds raised	\$1,267,149	\$2,534,300	\$6,758,132
100% increase in current Variable A 563,177,632 Shares	10% Voting Dilution	56,317,763 Shares	56,317,763 Shares	56,317,763 Shares
	Funds raised	\$1,689,533	\$3,379,066	\$6,758,132

* Please note that the balances shown above are true and correct at time of printing.

Table 1 above has been prepared based on the following assumptions:

- Variable A is based on the number of Shares on issue as at 11:00am on Friday 16th October 2015.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only shares.
- The issue price of \$0.06 was the closing price of Shares as traded on ASX as at 11.00am on Friday 16th October 2015. This price may fluctuate between the time of preparing this Notice and the date of the Meeting.

The Company has previously obtained approval for the Additional Placement Capacity at its 2014 Annual General Meeting. In the 12 months preceding the date of this Notice of Meeting the Company issued 10,000,000 unlisted options under ASX Listing Rule 7.3. No equity was issued under ASX Listing Rule 7.1 and 7.1A.

Directors Recommendation

The Directors believe that Resolution 8 is in the best interest of the Company and unanimously recommend that Shareholder vote in favour of this Resolution 8.

A voting inclusion statement is included in this Notice. In accordance with ASX Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

17 Balmoral Cres
Surrey Hills VIC 3127

9th October 2015

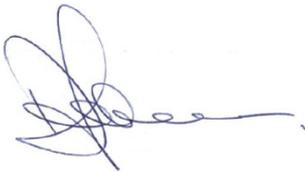
The Directors
iSonea Limited
The Rialto, Level 29,
525 Collins Street
Melbourne, Victoria

Dear Sirs,

NOMINATION OF AUDITOR

Pursuant to section 328B of the Corporations Act 2001, David Ashmore, being a shareholder of iSonea Limited, hereby nominate Deloitte Touche Tohmatsu for appointment as Auditor of iSonea Limited.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'David Ashmore', with a long horizontal flourish extending to the right.

David Ashmore