



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a meeting of members of SomnoMed Limited (the "Company") will be held at the Royal Room, Level 13, 167 Macquarie Street, Sydney, NSW 2000 on Wednesday 26th November 2014 at 11am AEDT for the purpose of transacting the business set out in this Notice.

BUSINESS

Item 1– Financial Statements

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30th June 2014.

Item 2– Remuneration Report

To adopt the Remuneration Report for the year ended 30th June 2014.

Item 3- Election of Director- (Mr. Robert Scherini)

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

"That Robert Scherini being a Director who retires by rotation, in accordance with the Company's Constitution, and being eligible, be re-elected as a Director of the Company."

Item 4 – Issue of Options to Belgove Pty Limited (a company associated with Dr Peter Neustadt- a Director of the Company)

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

"That, for the purpose of Listing Rule 10.11 of the Listing Rules of the ASX Limited and for all other purposes, the members of the Company approve and authorise the grant of 250,000 options over unissued ordinary shares with an exercise price of \$2.35 per option, by the Company to Belgove Pty Limited (a company associated with Dr Peter Neustadt, a director of the Company) and such other related parties it so nominates, on the terms and conditions described in the Explanatory Note."

Summary of the Resolution: Under Listing Rule 10.11 of the Listing Rules of the ASX Limited, shareholders must approve any issue of equity securities to a "related party", unless an exception applies. This resolution needs the approval for the grant of options over unissued ordinary shares in the Company to Belgove Pty Limited, a company associated with Dr Neustadt, a "related party" of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- Dr Peter Neustadt or Belgove Pty Limited; and
- any associate of Dr Peter Neustadt or Belgove Pty Limited.

However, the Company need not disregard a vote if:

1. 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; and
2. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Item 5 – Approval to issue a total of 200,000 ordinary shares to Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C (companies associated with Dr Peter Neustadt- a Director of the Company) under a Placement

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

“That, for the purposes of Listing Rule 10.11 and all other purposes, the issue of a total of 200,000 ordinary shares in the Company at an issue price of \$1.50 per share under a Placement to Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice be approved.”

Summary of the Resolution: Under Listing Rule 10.11 of the Listing Rules of the ASX Limited, shareholders must approve any issue of equity securities to a “related party”, unless an exception applies. This resolution needs the approval for the issue of ordinary shares in the Company to Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C, companies associated with Dr Neustadt, a “related party” of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- Dr Peter Neustadt or Belgove Pty Limited or P Neustadt Holdings Pty Ltd ; and
- any associate of Dr Peter Neustadt or Belgove Pty Limited or P Neustadt Holdings Pty Ltd.

However, the Company need not disregard a vote 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; and
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Item 6 –Approval to issue 50,000 ordinary shares to Leedoc Pty Limited (a company associated with Ms Lee Ausburn- a Director of the Company) under a placement

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

“That, for the purposes of Listing Rule 10.11 and all other purposes, the issue of a total of 50,000 ordinary shares in the Company at an issue price of \$1.50 per share under a Placement to Leedoc Pty Limited on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice be approved.”

Summary of the Resolution: Under Listing Rule 10.11 of the Listing Rules of the ASX Limited, shareholders must approve any issue of equity securities to a “related party”, unless an exception applies. This resolution needs the approval for the issue of ordinary shares in the Company to Leedoc Pty Limited a company associated with Ms Ausburn, a “related party” of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- Ms Lee Ausburn or Leedoc Pty Limited; and
- any associate of Ms Lee Ausburn or Leedoc Pty Limited.

However, the Company need not disregard a vote 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; and
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Item 7 – Approval to issue a total of 20,000 ordinary shares to Mr Robert Scherini, as trustee for The East Trust under a Placement

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

“That, for the purposes of Listing Rule 7.1 and all other purposes, the issue of a total of 20,000 ordinary shares in the Company at an issue price of \$1.50 per share under a Placement to Mr Robert Scherini, as trustee for The East Trust on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice be approved.”

Summary of the Resolution: Under Listing Rule 10.11 of the Listing Rules of the ASX Limited, shareholders must approve any issue of equity securities to a “related party”, unless an exception applies. This resolution needs the approval for the issue of ordinary shares in the Company to Mr Robert Scherini, as trustee for The East Trust, a “related party” of the Company.

Voting Exclusion: The Company will disregard any votes cast on this on this Resolution by

- Mr Robert Scherini and any associate of Mr Robert Scherini.

However, the Company need not disregard a vote if:

- (c) 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; and

it is cast by the person chairing the meeting as proxy for a person who is entitled to

Appointment of Proxy

- (a) A member who is unable to attend and vote at the meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a member of the Company.
- (b) If a member wishes to appoint a proxy, and is entitled to cast 2 or more votes, then the member may appoint 2 proxies, and may specify the proportion or number of votes each proxy may cast.
- (c) A proxy form (and the power of attorney (if any) under which it is signed) must be received at the registered office of the Company not less than 48 hours before the time of the holding of the meeting:
 - By hand: Boardroom Pty Limited - Level 7, 207 Kent Street, Sydney, NSW, 2000
 - By mail: Boardroom Pty Limited - GPO Box 3993, Sydney NSW, 2001
 - By facsimile: (02) 9290 9655

Corporate Representatives

Corporate members must either:

- appoint a proxy as set out above; or
- appoint a body corporate representative in accordance with the Corporations Act.

The appointment of a body corporate representative must be produced at the meeting.

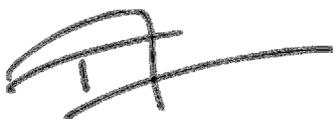
Entitlement to Vote

For the purpose of the meeting, those members holding shares at 7pm AEDT on 24th November 2014 will be voting members at the meeting.

Further Information

This Notice should be read in conjunction with the Explanatory Note.

By the Order of the Board of Directors.



T. A. Flitcroft
Company Secretary
Dated: 23rd October 2014

EXPLANATORY NOTES ON ITEMS OF BUSINESS

Item 1: Financial Statements

As required by section 317 of the Corporations Act 2001 (Cth) (the "Act"), the Financial Report, the Directors' Report and the Auditor's Report of the Company for the most recent financial year will be laid before the meeting. Shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the management of the Company however, there will be no formal resolution put to the meeting.

Shareholders will also be provided with the opportunity to ask the representative of the Company's auditor questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Item 2: Remuneration Report

The Directors' Report for the year ended 30 June 2014 contains a Remuneration Report, which sets out the remuneration policy for the Company and reports on the remuneration arrangements in place for Directors and certain senior executives.

The Act requires that the agenda for this Annual General Meeting include a resolution for the adoption of the Remuneration Report. The vote on the resolution is advisory only and is not binding on the Directors or the Company.

Shareholders will be provided with a reasonable opportunity to ask questions about and make comments on the Remuneration Report.

Item 3: Election of Director

Pursuant to the Company's Constitution, Mr Robert Scherini will retire as a Director at the Annual General Meeting and offer himself for re-election.

Rob is a past Managing Director for Johnson & Johnson Medical Australia/NZ and has held senior management positions both locally and internationally. He was posted for a number of years in J&J's European headquarters in Brussels before returning to Australia where he was directly responsible for J&J's medical device business in Australia and New Zealand as well as responsibilities across the APAC region. He has a strong track record of growing businesses and brings to the Board a wealth of experience in Sales & Marketing, Business Development, Finance, Operations and Supply, Legal, Human Resources and Information Technology.

Rob has a bachelor's degree in Business and is a Certified Practising Accountant (CPA). He was a Member of the Board of the Medical Technology Association of Australia (MTAA) for nine years. He has been a strong advocate of Human Resources Strategy and was recognised as Best HR Champion at the 2004 Australian HR Awards. In 2007 was awarded a Rotary International Fellowship for his assistance to the community.

More recently Rob has devoted his time to consulting and mentoring. He is a senior advisor for a healthcare consultancy focused on Asia Pacific and a member of the Board of a large privately owned medical device company.

If re-elected, Robert Scherini will continue as a Director and be subject to retirement by rotation in accordance with the Company's Constitution.

The Board, with exception of Mr Scherini, unanimously recommends that Shareholders vote in favour of the re-election of Mr Scherini.

Item 4: Issue of Options to Belgove Pty Limited (a company associated with Dr Peter Neustadt- a Director of the Company)

ASX Listing Rule 10.11 provides that a company may not issue "equity securities" to a related party without shareholder approval. An "equity security" includes an option over unissued ordinary shares.

Belgove Pty Limited is associated with Dr Peter Neustadt, a director of SomnoMed Limited and, as such, is a related party of SomnoMed Limited ("**SomnoMed**").

SomnoMed has agreed to issue options over 250,000 unissued ordinary shares in SomnoMed in total to Belgove Pty Limited (**Options**). The issue provides a long- term incentive to Belgove Pty Limited and through that company Dr Neustadt as a director of the company. As at the date of this Notice of Meeting, SomnoMed has 50,489,766 ordinary shares on issue. As at the date of this notice Belgove Pty Limited & P Neustadt Holdings Pty Limited (both of which Dr Neustadt is a director) hold a total of 3,502,023 shares and 325,000 options in the Company. No cash or other form of consideration will be required to be made by Belgove Pty Limited or its nominee for the issue of the Options.

Any funds raised on the exercise by Belgove Pty Limited or its nominee of the Options will be used for general working capital purposes.

The option terms were set by the Company's Remuneration Committee (excluding Dr Neustadt) based on the closing price of the Company's shares on 13th October 2014.

Each of the directors of the Company (other than Dr Neustadt) recommends that shareholders approve the issue of the Options to Belgove Pty Limited or its nominee.

Terms of Issue

The Options will be issued to Belgove Pty Limited or its nominee on the following terms:

- The 250,000 Options will be issued within 1 month from the date of the member's meeting to approve the issue of the options to Belgove Pty Limited or its nominee.
- The exercise price per Option will be a fixed price of \$2.35. Each Option exercised entitles the option holder to be issued with one new ordinary share.
- The Options will expire on 31 October 2017.
- If at any time prior to the exercise of any of the Options, there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of SomnoMed, the outstanding Options will be reorganised in the manner required by the Listing Rules of the ASX Limited on a reconstruction of capital at the time of the reconstruction.
- If SomnoMed makes a bonus issue of securities, each outstanding Option confers on each option holder the right to receive on exercise of those outstanding Options an allotment of additional securities, which the option holder would have received if it had participated in that bonus issue.
- The Options are not to be quoted on the ASX.
- The Options cannot be exercised before 30 June 2015 unless:
 - A takeover bid is announced for all or part of the shares in SomnoMed; or
 - the board of SomnoMed announces, and the majority of directors recommend, a proposed scheme of arrangement pursuant to which immediately following the implementation of the scheme of arrangement a third party will acquire and/or be the holder of all of the ordinary shares in SomnoMed; or
 - any other proposal is announced which involves a third party acquiring all or a majority interest in SomnoMed's ordinary shares.
- The option holder cannot participate in new issues without exercising the Options.

Items 5 to 7 – Approval of Director participation in Placements

On 24th July 2014 the Company announced the placement of 3.7 million new ordinary at \$1.50 per share to raise \$5.55 million before costs of the issue. At the same time it was announced that entities associated with the Chairman and other Directors of the Company had committed to subscribe \$405,000 equating to 270,000 shares, subject to shareholder approval to be obtained at the Company's 2014 AGM, which was included in the above-mentioned amounts.

Resolutions 5 to 7 provide for Shareholder approval of the issue of a total of 270,000 fully paid ordinary shares ("Shares") at \$1.50 cents per share, of which:

- 200,000 of the Shares are to be issued to Belgove Pty Limited (125,000 Shares) and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C (75,000 Shares) companies associated with Dr Peter Neustadt, the Chairman of the Company (Resolution 5);
- 50,000 of the Shares are to be issued to Leedoc Pty Limited a company associated with Ms Lee Ausburn, a director of the Company (Resolution 6);
- 20,000 of the Shares are to be issued to Mr Robert Scherini as trustee for The East Trust which is an associate of Mr Robert Scherini, a director of the Company (Resolution 7);

Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company may not issue "equity securities" to a related party without shareholder approval. An "equity security" includes ordinary shares.

As the Shares to be issued pursuant to Resolutions 5 to 7 are to related parties, the Company is therefore seeking shareholder approval in respect of each issue for the purposes of Listing Rule 10.11.

Corporations Act 2001 (Cth)

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Section 210 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given arm's length terms, that is on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a)

The Company considers that the proposed issue of securities the subject of Resolutions 5 to 7 will be on arm's length terms and, as such, fall within the exception set out in section 210 of the Corporations Act. The Company has reached this view as the terms upon which the Directors will acquire the securities are the same as the terms on which shareholders acquired securities in the Company pursuant to the Placement announced in July 2014.

Information required under Listing Rule 10.13

The Company provides the following additional information in accordance with Listing Rule 10.13:

- (a) the related parties proposing to participate in the placement shares are Belgove Pty Limited, P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C, Leedoc Pty Limited and Mr Robert Scherini as trustee for The East Trust and they are related parties by virtue of being associates of Directors;
- (b) the maximum number of shares to be subscribed for under the placement to Directors is as follows:

Director	Nominee	Number of Shares
Dr Peter Neustadt	Belgove Pty Limited	125,000
Dr Peter Neustadt	P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C	75,000
Ms Lee Ausburn	Leedoc Pty Limited	50,000
Mr Robert Scherini	Mr Robert Scherini as trustee for The East Trust	20,000

- (c) the Shares will be issued and allotted within seven business days after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$1.50 per share; and the shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares; and
- (e) the Company intends to use the funds raised from these share issues to strengthen the Company's financial position and enable it to invest in doubling capacity of the plant and introducing digital processes in its plant and our hubs in various locations around the world and fund working capital for increased revenues in existing markets, as well as fund working capital and operational activities in new markets.

Item 5: Approval to issue a total of 200,000 ordinary shares to Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C (companies associated with Dr Peter Neustadt- a Director of the Company) under a placement

ASX Listing Rule 10.11 provides that a company may not issue "equity securities" to a related party without shareholder approval. An "equity security" includes ordinary shares.

Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C are associated with Dr Peter Neustadt, a director of SomnoMed Limited and, as such, are related parties of SomnoMed Limited.

As described above, in July 2014 SomnoMed agreed to issue a total of 200,000 Shares to Belgove Pty Limited (125,000 shares) and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C (75,000 shares) subject to shareholder approval. As at the date of this Notice of Meeting, SomnoMed has 50,489,766 ordinary shares on issue. As at the date of this notice Belgove Pty Limited & P Neustadt Holdings Pty Limited (both of which Dr Neustadt is a director) hold a total of 3,502,023 shares and 325,000 options in the Company.

Each of the directors of the Company (other than Dr Neustadt) recommends that shareholders approve the issue of Shares to Belgove Pty Limited and P Neustadt Holdings Pty Ltd as trustee for Belgove Super Fund A/C.

Item 6: Approval to issue 50,000 ordinary shares to Leedoc Pty Limited (a company associated with Ms Lee Ausburn- a Director of the Company) under a placement

ASX Listing Rule 10.11 provides that a company may not issue "equity securities" to a related party without shareholder approval. An "equity security" includes ordinary shares.

Leedoc Pty Limited is associated with Ms Lee Ausburn, a director of SomnoMed Limited and, as such, is a related party of SomnoMed Limited.

As described above, in July 2014 SomnoMed agreed to issue 50,000 ordinary shares to Leedoc Pty Limited (a company associated with Ms Lee Ausburn), subject to shareholder approval. As at the date of this Notice of Meeting, SomnoMed has 50,489,766 ordinary shares on issue. As at the date of this notice Leedoc Pty Limited holds no shares or options in the Company. Ms Ausburn holds 23,999 shares and 50,000 options in the Company.

Each of the directors of the Company (other than Ms Ausburn) recommends that shareholders approve the issue of Shares to Leedoc Pty Limited.

Item 7: Approval to issue 20,000 ordinary shares to Mr Robert Scherini, as trustee for The East Trust, a Director of the Company) under a placement

ASX Listing Rule 10.11 provides that a company may not issue "equity securities" to a related party without shareholder approval. An "equity security" includes ordinary shares.

Mr Scherini is a director of SomnoMed Limited and, as such, is a related party of SomnoMed Limited.

As described above, in July 2014 SomnoMed agreed to issue 20,000 ordinary shares to Robert Scherini, as trustee for The East Trust, subject to shareholder approval. As at the date of this Notice of Meeting, SomnoMed has 50,489,766 ordinary shares on issue. As at the date of this notice Mr Scherini holds 10,000 shares and 50,000 options in the Company.

Each of the directors of the Company (other than Mr Scherini) recommends that shareholders approve the issue of Shares to Robert Scherini, as trustee for The East Trust.