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12 August 2005

Company Announcements Platform
Newcastle Stock Exchange Limited
Ground Floor
384 Hunter Street
NEWCASTLE NSW 2300

Dear Sirs

VET BIOTECHNOLOGY LIMITED

On behalf of our client Plantcorp Limited (**Plantcorp**), and pursuant to section 633(1), item 5 of the Corporations Act 2001, we enclose a copy of the Bidder's Statement served by our client on Vet Biotechnology Limited earlier today.

Yours faithfully



JEREMY SHERVINGTON

Encls. 1

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER

OFFER

BY

PLANTCORP LTD

ACN 009 347 406

TO ACQUIRE ALL OF YOUR SHARES AND OPTIONS IN

VET BIOTECHNOLOGY LTD

ACN 105 577 017

FOR

A CONSIDERATION COMPRISING 7 PLANTCORP SHARES FOR EVERY 2 VET SHARES AND 3 PLANTCORP OPTIONS FOR EVERY 2 VET OPTIONS

This Bidder's Statement does not take into account the individual investment objectives, financial situation and particular needs of any person. Before making any investment decision on the basis of this Bidder's Statement you should consider whether that decision is appropriate in the light of those factors.

Legal Adviser to Plantcorp Limited
Jeremy Shervington
Barrister & Solicitor
52 Ord Street
West Perth WA 6005

IMPORTANT INFORMATION

1. BIDDER'S STATEMENT

This document is a bidder's statement given by Plantcorp Limited pursuant to Part 6.5 of Chapter 6 of the Corporations Act and in compliance with the requirements of Sections 636 and 637 of the Corporations Act in relation to the Offer. This Statement is dated 12 August 2005 and a copy of this Statement was lodged with the Australian Securities and Investments Commission on that date. Neither ASIC nor any of its officers takes any responsibility for the contents of this Statement.

2. DEFINED TERMS

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section M.

3. IMPORTANT DATES

Bidder's Statement lodged with ASIC	12 August 2005
Date of Offer	12 August 2005
General Meeting of Plantcorp*	Week commencing 18 September 2005
Closing Date of Offer*	7 November 2005
Expected commencement of trading of Plantcorp Shares on ASX*	Week commencing 7 November 2005

* These dates are indicative only and may change as permitted by the Corporations Act.

4. INVESTMENT DECISION

This Statement does not take into account the individual investment objectives, financial situation and particular needs of each Vet Securityholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Vet Securities and whether Plantcorp Securities are an appropriate investment for you.

5. DISCLOSURE ABOUT FORWARD-LOOKING STATEMENTS

This Statement may include certain forward-looking statements which have been based on current expectations about future events. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. While Plantcorp believes that the expectations reflected in the forward looking statements in this Statement are reasonable, no assurance can be given that such expectations will prove to be correct. These factors include, among other things, those risks identified in Section H and other investment considerations, as well as other matters not yet known to Plantcorp or not currently considered material by Plantcorp. Any forward looking statement in this statement is qualified by this cautionary statement.

6. OFFERS OUTSIDE AUSTRALIA, NEW ZEALAND, HONG KONG AND THE UNITED KINGDOM

Those Vet Securityholders whose address, as shown in Vet's register of members, is a place outside Australia and its external territories, New Zealand, Hong Kong or the United Kingdom will not be entitled to receive Plantcorp Securities on acceptance of an Offer. This restriction may not apply to Vet Securityholders who are residents, citizens or have addresses in (or are otherwise in) Australia, New Zealand, Hong Kong or the United Kingdom. Foreign Securityholders who accept the Offer will receive the cash proceeds of a nominee sale of their entitlement to Plantcorp Securities as described in paragraph 5 of Section I.

The financial statements included in this Statement have been prepared in accordance with accounting standards applicable to Australian companies and these may differ from the standards for financial statements of non-Australian companies.

7. OFFERS IN NEW ZEALAND

Vet Securityholders in New Zealand should note that the Offer is being conducted in accordance with the laws in force in Australia. The disclosure requirements in relation to the Offer applicable in Australia differ from those applying in New Zealand. Plantcorp is exempted from certain provisions of the NZ Securities Act 1978 and the Securities Regulations 1983 in relation to the publication of this Statement in New Zealand by operation of the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002 as amended by the New Zealand Securities Act (Overseas Companies) Exemption Amendment Notice 2003.

8. OFFERS IN HONG KONG

Vet Securityholders in Hong Kong should note that the Offer is being conducted in accordance with the laws in force in Australia. The disclosure requirements in relation to the Offer applicable in Australia differ from those applying in Hong Kong. No offer is made under this Statement in Hong Kong, nor may this Statement be issued, circulated or distributed in Hong Kong other than in circumstances where there is no requirement for a "prospectus" (which has the meaning given in section 2(1) of the Companies Ordinance). Any securities described in or offered pursuant to this Statement may not be offered or sold in Hong Kong unless an exemption from the requirement for a "prospectus" applies.

9. OFFERS IN THE UNITED KINGDOM

Vet Securityholders in the United Kingdom should note that the Offer is being conducted in accordance with the laws in force in Australia. The disclosure requirements in relation to the Offer applicable in Australia differ from those applying in the United Kingdom. No offer is made under this Statement in the United Kingdom, nor may this Statement be issued, circulated or distributed in the United Kingdom other than in circumstances where there is no requirement for a "Prospectus" within the meaning of the Public Offers of Securities Regulations 1995. Any securities described in or offered pursuant to this Statement may not be offered or sold in the United Kingdom unless an exemption from the requirement for a Prospectus applies.

10. QUERIES

If you have any queries in relation to the Offer contact your stockbroker, financial adviser, solicitor or other professional adviser or telephone:

1300 557 146 (within Australia)

+61 1300 557 146 (outside Australia)

Vet Securityholders should note that pursuant to the Corporations Act, Plantcorp is required to record all conversations with Vet Securityholders which discuss the Offer by Plantcorp, other than conversations with Vet Securityholders who are "wholesale holders" or professional investors as defined by the Corporations Act. All recordings will be indexed and stored as required by the Corporations Act.

CHAIRMAN'S LETTER

Dear Vet Securityholder,

On behalf of the directors of Plantcorp, I am pleased to make this Offer to acquire all of your shares and options in Vet.

By accepting this Offer, you will receive 7 Plantcorp Shares for every 2 Vet Shares held, and 3 Plantcorp Options for every 2 Vet Options held.

The Offer provides certain advantages to you as a Vet Securityholder and we encourage you to accept.

1. Anticipated Recommended Offer

It is anticipated that, subject to due consideration of this Bidder's Statement, the Independent Directors of your board will unanimously recommend that Vet Securityholders accept the Offer in the absence of a superior proposal and subject to an independent expert concluding that the terms of the Offer are reasonable.

All of Vet's directors who hold Vet Securities have indicated that they will be accepting the Plantcorp Offer in respect of their own holdings, in the absence of a superior proposal.

2. Opportunity to Participate in an ASX Listed Company

The Offer is conditional upon various conditions, including:

- Plantcorp raising at least \$3.25 million in the Capital Raising;
- permission for admission to quotation of Plantcorp's Securities being granted by ASX no later than 7 days after the end of the Offer Period;
- Plantcorp receiving acceptances for at least 90% of the Vet Shares on issue and at least 50% of the Vet Options on issue by the end of the Offer Period; and
- the appointment of the Existing Vet Directors to the board of directors of Plantcorp.

The Offer allows you to retain your investment in Vet whilst merging with Plantcorp which will allow Vet Securityholders to become an equity holder in an ASX listed company which will have:

- approximately \$3.1 million in cash available for expenditure on Vet projects; and
- a market capitalisation of approximately \$12.5 million (based on the issue price of 20 cents each for Plantcorp Shares under the Capital Raising).

3. Increase in the nominal value of your holding


Each Vet Share will result in a holding of 3.5 Plantcorp Shares, and each Vet Option will result in a holding of 1.5 Plantcorp Shares.

Based on the issue price under the Capital Raising of 20 cents each for Plantcorp Shares, the Offer values each Vet Share at 70 cents. This represents a significant premium of 30 cents above the volume weighted

average price of Vet Shares of 40 cents in the one month to 13 June 2005, the last day of trading on NSX prior to the announcement of the Offer.

The Offer will close at 5.30 pm Perth time on 7 November 2005, unless withdrawn or extended. To accept the Offer, please follow the instructions in Section I under paragraph 3. If you have any queries in relation to the Offer, please telephone 1300 557 146 (from within Australia) or +61 1300 557 146 from outside Australia.

Yours faithfully,



J D Shervington
Chairman – Plantcorp Ltd

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A. SUMMARY OF THE OFFER

1. VET SHARE OFFER

Plantcorp is offering to acquire all of your Vet Shares. You are offered 7 Plantcorp Shares for every 2 Vet Shares held.

2. VET OPTION OFFER

Plantcorp is offering to acquire all of your Vet Options. You are offered 3 Plantcorp Options for every 2 Vet Options

3. COSTS AND PAYMENT

No brokerage is payable by you in relation to the disposal of your Vet Securities if you accept the Offer.

If you accept an Offer, you will be paid the relevant consideration not later than 21 days after the end of the Offer Period, provided the Offer becomes or is declared unconditional.

4. CLOSING DATE

The Offer is due to close at 5.30 pm WST time on 7 November 2005, unless withdrawn or extended.

5. CONDITIONS

The Offer is subject to a number of conditions, which are set out in paragraph 6 of Section I. You are urged to read these conditions carefully. These conditions include (but are not limited to):

- (a) Plantcorp receiving Acceptances for at least 90% of the Vet Shares on issue plus at least 50% of the Vet Options on issue by the end of the Offer Period;
- (b) Plantcorp raising at least \$3.25 million in the Capital Raising; and
- (c) permission for admission to quotation of Plantcorp's Securities being granted by ASX by no later than 7 days after the end of the Offer Period.

6. HOW TO ACCEPT THE OFFER

You may only accept this Offer in respect of all of your Vet Securities.

To accept this Offer:

- (a) **If your Vet Securities are in a CHESS Holding**, you may either:
 - complete and return the enclosed Acceptance Form in accordance with the instructions on it; or
 - instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

If your Vet Securities are issuer-sponsored, you must complete and return the Acceptance Form in accordance with the instructions on it..

- (b) **If you are a Broker or Non Broker Participant**, you must initiate acceptance in accordance with the ASTC Settlement Rules.

Further details on how to accept the Offer are set out in paragraph 3 of Section I of this document.

7. QUERIES

If you have any queries in relation to the Offer please telephone:

1300 557 146 (within Australia)

+61 1300 557 146 (outside Australia)

Vet Securityholders should note that pursuant to the Corporations Act, Plantcorp is required to record all conversations with Vet Securityholders which discuss the Offer by Plantcorp, other than conversations with Vet Securityholders who are "wholesale holders" or professional investors as defined by the Corporations Act. All recordings will be indexed and stored as required by the Corporations Act.

B. WHY YOU SHOULD ACCEPT THE OFFER

1. ANTICIPATED RECOMMENDED OFFER

It is anticipated that, subject to due consideration of this Bidder's Statement, the Independent Directors of your board will unanimously recommend that Vet Securityholders accept the Offer in the absence of a superior proposal, and subject to an independent expert reviewing the terms of the Offer and concluding that the terms of the Offer are reasonable.

All of Vet's directors who hold Vet Securities have indicated that they will be accepting the Plantcorp Offer in respect of their own holdings, in the absence of a superior proposal.

2. VET SECURITYHOLDERS CAN BENEFIT FROM PLANTCORP'S LISTING ON ASX

The Offer is conditional upon various conditions, including:

- Plantcorp raising at least \$3.25 million in the Capital Raising;
- permission for admission to quotation of Plantcorp's Securities being granted by ASX by no later than 7 days after the end of the Offer Period; and
- Plantcorp receiving acceptances for at least 90% of the Vet Shares on issue and at least 50% of the Vet Options on issue by the end of the Offer Period.

Further details regarding the conditions of Plantcorp's Offer are set out in paragraph 6 of Section I of this Statement.

The Offer will allow accepting Vet Securityholders to become equity holders in an ASX listed company which will have:

- approximately \$3.1 million in cash available for expenditure on Vet projects; and
- a market capitalisation of approximately \$12.5 million (based on the issue price of 20 cents each for Plantcorp Shares under the Capital Raising).

It is expected that there will be greater liquidity for ASX listed Plantcorp Securities than for NSX listed Vet Securities, and the capital raising ability of the Merged Entity will be increased. At the same time, the Merged Entity will be subject to greater disclosure and corporate governance requirements than those currently applying to Vet.

3. YOU MAINTAIN YOUR INVESTMENT IN THE EQUINE INDUSTRY

By exchanging your Vet Securities for Plantcorp Securities, Vet Securityholders will maintain their investment in the equine industry while participating in an ASX listed company. Depending on the outcome of the Capital Raising, and assuming there are 100% acceptances of the Offer, it is expected that post consolidation, the Existing Plantcorp Shareholders will hold approximately 12% of Plantcorp's undiluted share capital and Vet Shareholders will hold approximately 63% of Plantcorp's undiluted share capital.*

- * This also assumes conversion of the New Convertible Loans is approved by Plantcorp Shareholders at the Meeting so that Existing Plantcorp Shareholders will hold 7,438,180 Plantcorp Shares. If conversion of the New Convertible Loans is not approved, Existing Plantcorp Shareholders will hold 7,302,664 Plantcorp Shares.

4. EXISTING VET OFFICERS TO REPLACE EXISTING PLANTCORP OFFICERS

Your Existing Vet Officers will replace the Existing Plantcorp Officers following the commencement of trading of Plantcorp Shares on ASX. You will continue to receive the benefit of the experienced board and management of Vet, which has a proven track record in the pharmaceutical, health care and equine industries.

5. INCREASE IN THE NOMINAL VALUE OF YOUR HOLDING

Each Vet Share will result in a holding of 3.5 Plantcorp Shares, and each Vet Option will result in a holding of 1.5 Plantcorp Shares.

Based on the issue price of 20 cents each for Plantcorp Shares, the Offer values each Vet Share at 70 cents. This represents a significant premium of 30 cents above the volume weighted average price of Vet Shares of 40 cents in the one month to 13 June 2005, the last day of trading on NSX prior to the announcement of the Offer. This also represents a significant premium of 30 cents above the volume weighted average price of Vet Shares of 40 cents in the one month to 11 August 2005, the last day of trading on NSX prior to the date of this Bidder's Statement.

Based on a Black Scholes Valuation of Plantcorp Options as at 31 August 2005, each Vet Option is valued at \$0.185. This is 8.5 cents above the volume weighted average price of Vet Options of \$0.10 in the one month to 13 June 2005, the last day of trading on NSX prior to the announcement of the Offer. It is also 8.5 cents above the volume weighted average price of Vet Options of \$0.10 in the one month to 11 August 2005, the last day of trading on NSX prior to the date of this Bidder's Statement.

Note:

The value attributable to the Plantcorp Options is based upon the following inputs and assumptions:

- (a) the hypothetical price of the Plantcorp's shares is 20 cents, being the issue price under the Capital Raising of 20 cents for each Plantcorp Share;
- (b) an exercise price of \$0.30 for each Plantcorp Option;
- (c) a risk free rate of 5.70% per annum;
- (d) a volatility factor of 1.5; and
- (e) a term to expiry of approximately six years, with the Plantcorp Options expiring 30 June 2011.

6. ROLLOVER RELIEF AND COSTS

6.1 Partial capital gains tax rollover relief may be available to Accepting Vet Securityholders

Vet Securityholders may be entitled to "scrip for scrip" rollover relief in respect of any capital gain made on the disposal of their Vet Securityholders. The availability of scrip for scrip rollover relief will depend on your individual circumstances and you should consult your tax adviser for further details regarding the tax implications of the Offer. Further details in respect of the taxation implications of accepting the Offer, including scrip for scrip rollover relief, are set out in Section J of this Bidder's Statement.

6.2 There will be no brokerage costs from accepting the Offer

By accepting Plantcorp's Offer, Vet Securityholders will not have to pay the brokerage costs usually incurred when selling Vet Securities on market.

7. CONSEQUENCES OF NOT ACCEPTING

The Offer is subject to Plantcorp receiving acceptances for at least 90% of Vet Shares. If this condition is satisfied, Plantcorp intends to acquire your Vet Shares compulsorily under the Corporations Act. If your Vet Shares are compulsorily acquired, you will receive your new Plantcorp Shares later than Vet Shareholders who choose to accept the Offer.

If Plantcorp does not receive acceptances for at least 90% of Vet Shares, you will remain a Vet Shareholder, unless Plantcorp has declared the Offer free from the 90% minimum acceptance condition. Further information in relation to Plantcorp's intentions is set out in Section F of this Statement.

8. NSX LISTING OF VET

The NSX Listing Rules require that a company listed on NSX has a minimum of 50 members and at least 25% of members must not be a director or substantial shareholder of the company, a director of a substantial shareholder or an associate of any one of them. If the Offer is successful, Vet will no longer satisfy these requirements and Plantcorp will procure the delisting of Vet from NSX.

C. ABOUT THE OFFER – YOUR QUESTIONS ANSWERED

1. ACCEPTANCE OF THE OFFER

1.1 Can I accept for only some of my Vet Shares and Vet Options?

No. You may only accept the Offer in respect of all (and not a portion only) of your Vet Shares and Vet Options.

1.2 What must I do to accept the Offer for my Vet Shares?

To accept the Offer for your Vet Shares:

- if your Vet Shares are in a CHESS Holding, you must complete, sign and return the Acceptance Form (to the address specified on the Form) or instruct your Controlling Participant to accept the Offer on your behalf before the end of the Offer Period;
- if your Vet Shares are issuer-sponsored, you must complete, sign and return the Acceptance Form (to the address specified on the Form) before the end of the Offer Period; and
- if you are a Broker or Non-Broker Participant, you must initiate an acceptance in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period

Further details on how to accept the Offer are set out in paragraph 3 of Section I of this document.

1.3 What must I do to accept the Offer for my Vet Options?

To accept the Offer for your Vet Options, you must complete, sign and return the Acceptance Form (to the address specified on the form) before the end of the Offer Period.

Further details on how to accept the Offer are set out in paragraph 3 of Section I of this document.

1.4 What if my Vet Securities are Restricted Securities?

- 1.4.1. If your Vet Securities are NSX Restricted Securities, NSX has consented to the release of the holding lock over those NSX Restricted Securities to enable you to accept the Offer, on the following conditions:

- Plantcorp is granted admission to the Official List and is scheduled for commencement of quotation; and
- the successful completion of the Bid.

The effective date of release will be 5pm on the day before Plantcorp Shares commence quotation on ASX.

Holders of Vet Securities which are NSX Restricted Securities should note that ASX may require any Plantcorp Securities issued as consideration for those securities to be treated as ASX Restricted Securities. This will mean that such Plantcorp Securities will be subject to escrow for a specified period and a corresponding holding lock on ASX. During that period, you cannot:

- (a) dispose of, or agree or offer to dispose of, the relevant Plantcorp Securities;
- (b) create, or agree or offer to create, any security interest in the relevant Plantcorp Securities; or
- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the relevant Plantcorp Securities.

1.5 When do I receive consideration for my Vet Securities?

The Plantcorp Securities due to accepting Vet Securityholders will be issued on or before the later of:

- one month after the date upon which you accept the Offer; and
- one month after the date that the Offer becomes or is declared unconditional;

and in any event, no later than 21 days after the end of the Offer Period, provided the Offer becomes or is declared unconditional.

2. PLANTCORP SECURITIES

2.1 Can I trade my Plantcorp Securities on the ASX?

The Plantcorp Shares will be issued by Plantcorp. It is a condition of the Offer that Plantcorp obtains permission from ASX to be admitted to the Official List, and that permission to quotation of the Plantcorp Shares and Plantcorp Options to be issued under the Offer is obtained. Plantcorp will also be seeking a waiver from ASX Listing Rule 1.1 to enable Plantcorp to meet the conditions for admission to the Official List, to ASX's satisfaction. This is needed as the Kennedy Options, following the consolidation the subject of the Resolutions, will have an exercise price of less than 20 cents each.

Plantcorp will apply for admission to the Official List and for the quotation of the Plantcorp Securities within 7 days after the date of this Bidder's Statement. Admission and the quotation of Plantcorp's Securities will not be automatic, but will depend on ASX exercising its discretion. It will only be once admission to quotation of the Plantcorp Shares and Plantcorp Options to be issued under the Offer to Vet Securityholders has occurred that those Plantcorp Securities will be able to be traded on the ASX.

Plantcorp cannot guarantee, and does not represent or imply, that permission to be admitted to the Official List will be granted, and that Plantcorp's Securities to be issued under this Offer will be quoted. If Plantcorp is not admitted to the Official List within 3 months after the date of this Bidder's Statement (or any longer period permitted by law), any contract that results from your acceptance of this Offer will be automatically void.

Holders of Vet Securities which are NSX Restricted Securities should note that any Plantcorp Securities issued to them under the Offer may be subject to escrow and a corresponding holding lock on ASX. Please refer to paragraph 1.4 above for further details.

2.2 What rights attach to Plantcorp Shares and Plantcorp Options?

Please refer to Section D for a description of the rights and liabilities that will attach to the Plantcorp Securities.

3. TAXATION IMPLICATIONS

Vet Securityholders may be entitled to “scrip for scrip” rollover relief in respect of any capital gain made on the disposal of their Vet Securityholders. The availability of scrip for scrip rollover relief will depend on your individual circumstances and you should consult your tax adviser for further details regarding the tax implications of the Offer. Further details in respect of the taxation implications of accepting the Offer, including scrip for scrip rollover relief, are set out in Section J of this Bidder’s Statement.

4. FURTHER INFORMATION

Should you have any questions about the Offer or how to accept the Offer you should contact your financial or other professional adviser or you may phone :

1300 557 146 (within Australia)

+61 1300 557 146 (outside Australia)

D. ABOUT PLANTCORP

1. PROFILE OF PLANTCORP

Plantcorp Limited is an unlisted public company registered under the Corporations Act..

1.1 Nature of operations and principal activities

On 16 March 2001, the Company was delisted by the ASX. The Company was placed in voluntary administration on 30 June 2003. The administrator retired on 5 February 2004 and control of the Company was handed back to the directors of the Company following completion of a Deed of Company Arrangement dated 15 August 2003. The Company at that time had no assets and no liabilities.

The principal activities of the Company throughout the last two financial years have consisted of the following:

- investing cash assets in an interest bearing bank account;
- identifying and conducting due diligence on potential investment opportunities; and
- the general administration of the Company.

Plantcorp has had no full time employees during the last two financial years. During the financial year ended 30 June 2005, the Company's affairs were managed by the Existing Plantcorp Officers.

The following significant events have occurred in relation to the Company throughout the last two financial years:

- A Deed of Company Arrangement was executed on 15 August 2003 and subsequently varied at a meeting of creditors held on 13 November 2003;
- The Company entered into a deed on 28 January 2004 (and further amended on 26 March 2004) with R M Kennedy and R M Kennedy, P V Jorgensen and A M Tatarelli (trading as Kennedy & Co) whereby all claims in respect of the Company were extinguished other than debts owed to both R M Kennedy and Kennedy & Co who agreed to extinguish the debt conditional upon:
 - (i) Plantcorp issuing a prospectus to raise no less than \$1.2 million at a price of \$0.005 (half a cent) per share before 12 May 2004; and
 - (ii) The issue of 2,000,000 shares and 2,000,000 options to R M Kennedy contemporaneously with the issue of the prospectus.

These conditions were satisfied on 28 May 2004.

- The Deed of Company Arrangement was wholly effectuated on 5 February 2004;
- The Company issued a prospectus dated 11 May 2004 offering up to 540 million new shares at a price of \$0.005 per share and seeking to raise up to \$2.70 million before costs of the issue. The offer made under the prospectus closed on 10 June 2005. Existing shareholders of Plantcorp and public investors were invited to participate in the offer of new shares,

however, Plantcorp received only four applications which the Existing Plantcorp Directors decided to return;

- During the financial year to 30 June 2005, the Company agreed to a proposal whereby the same group of investors who had previously agreed to advance funds to the Company and which included the Existing Plantcorp Directors, advanced a sum of \$103,500 in the form of an issue of unsecured convertible loans, the New Convertible Loans. A sum of \$103,500 was received by Plantcorp. The principal terms of the New Convertible Loans are:
 - ❖ interest is accrued at 18% per annum;
 - ❖ they are repayable on demand; and
 - ❖ they can be converted to Plantcorp Shares at any time at a price of \$0.003 for each Plantcorp Share to be issued,
- Holders of 32,500,000 one cent Plantcorp Options agreed to the cancellation of their option holdings, with the consideration for the cancellation being the issue of 69,150 Plantcorp Shares.
- At the annual general meeting of the Company held on 31 December 2004, Plantcorp Shareholders approved the following:
 - (i) the allotment and issue of 34,500,000 Plantcorp Shares to holders of unsecured convertible loans; and
 - (ii) the implementation of a selective share buy-back allowing the Company to buy back up to 2,412,593 shares in the capital of the Company from eligible Plantcorp Shareholders each at half a cent amounting to a total consideration of \$12,063.00.
- The selective share buy-back was completed on 31 January 2005. The Company received acceptances for the share buy-back offer from 1,347 Plantcorp Shareholders. A total of 240,696 Plantcorp Shares were acquired by the Company at a cost of \$1,201.05;
- During the financial year ended 30 June 2005 all holders of the unsecured convertible loans granted in the financial year ended 30 June 2004 elected to convert their loans to Plantcorp Shares. The Company issued a total of 34,500,000 Plantcorp Shares pursuant to the conversion of the unsecured loans.

At a general meeting of the Company to be held in or about the week commencing 18 September 2005 (the Meeting), Plantcorp Shareholders will be asked to consider the following Resolutions:

- (i) a consolidation of Plantcorp Shares and Converting Preference Shares to either:
 - (A) If Plantcorp Shareholders approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,438,180 Plantcorp Shares;
 - (B) If Plantcorp Shareholders do not approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,302,664 Plantcorp Shares; *
- (ii) the change of name of Plantcorp to “Vet Biotechnology Ltd” or similar; and
- (iii) the adoption of a new constitution, to be tabled at the Meeting.

- * Note if Plantcorp Shareholders do not approve of the conversion of the New Convertible Loans and issue of Plantcorp Options to the Existing Plantcorp Directors, the principal amount of \$103,500, plus interest, will be repayable by Plantcorp under the terms of the New Convertible Loans.

1.2 Information on Plantcorp's Securities

As at the date of this Bidder's Statement, Plantcorp's capital structure is as follows:

Type of Security	Number Issued
Plantcorp Shares	49,986,279*
Converting Preference Shares	4,771,902*
Success Fee Options	500,000
Kennedy Options	2,000,000
Other Options	1,192,779

- * As described above in paragraph 1.1, Plantcorp has also issued the New Convertible Loans, and approval is being sought at the Meeting for the consolidation of the capital of Plantcorp. If the Resolutions are approved at the Meeting, Plantcorp's capital structure as shown in the above table will alter by:

- (a) the number of Plantcorp Shares on issue will be 7,438,180 Plantcorp Shares;
- (b) there will be no Converting Preference Shares; and
- (c) there will be an additional class of Plantcorp Options, namely 2,000,000 Officer Options.

If Plantcorp Shareholders do not approve the conversion of the New Convertible Loans but do approve the consolidation, Plantcorp's capital structure as shown in the above table will alter by:

- (a) the number of Plantcorp Shares will be 7,302,664 Plantcorp Shares;
- (b) there will be no Converting Preference Shares; and
- (c) the Officer Options will not be issued.

1.3 Shareholders in Plantcorp

The Existing Plantcorp Directors are unaware of any substantial shareholders in Plantcorp as at the date of this Bidder's Statement.

1.4 Trading in Plantcorp Securities

Other than as set out above in paragraph 1.1, the Existing Plantcorp Directors are unaware of any trading in Plantcorp Securities as at the date of this Bidder's Statement.

1.5 Plantcorp's Financial Position

As at 30 June 2005, Plantcorp's unaudited statement of financial position is as follows:

Current Assets		
Cash		81,413
Receivables		337
Total Current Assets		81,750
Total Assets		81,750
Current Liabilities		
Payables		13,695
Unsecured Loans		103,500
Total Current Liabilities		117,195
Total Liabilities		117,195
Net Assets		(35,445)
Equity		
Contributed Equity		858,949
Accumulated Losses		(894,394)
Total Equity		(35,445)

2. PLANTCORP'S STRATEGY

2.1 Primary Objective

Plantcorp's primary objective in acquiring the Vet Securities is to provide a means by which Plantcorp can, by the combination of the acquisition of Vet pursuant to this Offer and the Capital Raising, meet the ASX Requirements to qualify Plantcorp for admission to the Official List and to enable Plantcorp Securities (including the Bid Securities) to be admitted to quotation and trading on ASX.

2.2 Other Objectives

It is a condition of the Offer that the Existing Vet Officers replace the Existing Plantcorp Officers as from Completion. Plantcorp's objectives are therefore aligned with what the Board understands are the objectives of Vet. Details of the objectives of the Merged Entity are described in Section F.

3. PROFILE OF EXISTING & PROPOSED DIRECTORS

3.1 Existing Plantcorp Directors

The Existing Directors of Plantcorp will resign on the commencement of trading of Plantcorp Shares on ASX. The Existing Directors of Plantcorp are:

Jeremy David Shervington B.Juris. LLB
Non Executive Chairman

Mr Shervington conducts a legal practice in West Perth in Western Australia. He specialises in the laws regulating companies and the securities industry in Australia. Mr Shervington has almost 25 years experience as a lawyer. He has since 1985 served as a director of various ASX listed companies as well as a number of unlisted public and private companies. Mr Shervington is currently a director of the following ASX listed companies: Australian Zircon NL, BioProspect Limited, Biron Capital Limited and Investment Company Of The West Limited. He was appointed a director of Plantcorp on 3 May 2004.

Geoff Ernest Lambert M.Ec. FAICD. ASIA.

Mr Lambert completed a Master of Economics degree in 1967 and has over 30 years' experience in investment banking. He joined Hambros Australia Ltd as Manager, Corporate Finance. In the early 1980's, he established Byrne Lambert Woolf & Co, an investment banking firm specialising in corporate finance and investment for small to medium sized companies. Mr Lambert has 25 years' experience as a director of public companies. He is currently also a director of the following companies: ICS Global Limited, Wedgetail Exploration NL, Stratatel Limited, Investment Company Of The West Limited and Reward Minerals Limited. In the past three years, he has also been a director of QMASTOR Ltd and Encos Ltd. Mr Lambert was appointed a director of Plantcorp on 3 May 2004.

Adam Rankine-Wilson FAICD. ASIA.

Mr Rankine-Wilson is a director of several public and private companies. Over the past 15 years, he has served as a director of various ASX listed companies, including until recently the role of managing director of Grange Resources Limited. Mr Rankine-Wilson has also served as a director of a number of unlisted public and private companies. He has extensive experience in the mining and investment industries, particularly in Western Australia. Mr Rankine-Wilson is currently also a director of the following ASX listed company: Investment Company Of The West Limited. He was appointed a director of Plantcorp on 3 May 2004.

3.2 Proposed Directors

The Existing Vet Directors will be appointed as directors of Plantcorp following the commencement of trading on ASX of Plantcorp Shares. The Existing Vet Directors are:

Douglas Peter LeMessurier
SIA(Aff) ADA1 (ASX) MSDIA MBA

Mr LeMessurier is currently a Commissioner of the South Australian Lotteries Commission (Chair of the Audit Committee) and was also a board member of the Royal Adelaide Hospital Inc. He was a Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee). Mr LeMessurier is a sharebroker by profession and was State Manager of D&D-Tolhurst Ltd – South Australia a national sharebroking firm and a corporate member of The Australian Stock Exchange Ltd.

Lusia Halina Guthrie
BAPPSC, MSc STC

Ms Guthrie holds a Masters degree in Science and Technology Commercialisation from the University of Adelaide and a Bachelor of Applied Science in Medical Technology from the University of South Australia. She has executive level operations and manufacturing management experience. Areas of expertise include product development, production and supply chain management, project management and regulatory compliance.

Ms Guthrie has completed the Australian Institute of Company Directors programme and has held several non-executive board appointments, currently serving on the Manufacturing Consultative Committee for the State Government of South Australia. Recently, she has worked in intellectual property management and commercialisation for a leading Adelaide research institute. With a successful track record in management and business development, Ms Guthrie is currently involved in the development of biotechnology start-up enterprises.

Paul Andrew Mariani
BSc

Mr Mariani has a Bachelor of Science degree from the University of California and was a commissioned officer in the US Army (1968-1970).

He was CEO and Chairman of dried fruit processor, the Angas Park Fruit Company. He has vast experience in the US and South Pacific market in food processing, agriculture and dried meat processing. He also has experience in community hospitals and various charitable organisations.

Paul Lawrence Kerr

Mr Kerr is a Melbourne based consultant with strong links to the thoroughbred industry. He was a business and sporting reporter for the Melbourne Age newspaper, then for more than 26 years as a principal of Australia's largest public relations company, International Public Relations (then IPR Shandwick) before starting his own boutique consultancy, Paul Kerr & Associates in 1999.

4. RIGHTS AND LIABILITIES ATTACHING TO PLANTCORP SECURITIES

4.1 Plantcorp Shares

The Plantcorp Shares to be issued under the Offers will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing Plantcorp Shares.

Under section 140(1) of the Corporations Act, the constitution of Plantcorp has effect as a contract between Plantcorp and each member, and between a member of Plantcorp and each other member. On acceptance of Plantcorp Shares as consideration, you will, as a result, become liable to comply with the constitution of Plantcorp. However, since the Plantcorp Shares issued as consideration under the Offers will be issued credited as fully paid, no monetary liability attaches to them.

The constitution of Plantcorp also sets out the principal rights attaching to Plantcorp Shares. Rights attaching to Plantcorp Shares are in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law. This paragraph provides a summary of these rights and the liabilities attaching to Plantcorp Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Plantcorp. Such rights and liabilities involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

The following is a summary of the rights and liabilities which will attach to the Plantcorp Shares to be issued pursuant to the Offer:

- (a) the right to vote at all meetings of Plantcorp shareholders, subject to restrictions imposed on a shareholder under the Corporations Act and the ASX Listing Rules. On a show of hands, every shareholder present in person or by proxy has one vote. On a poll, every shareholder who is present in person or by proxy has one vote for each Plantcorp Share held;
- (b) the right to receive such dividends as Plantcorp's directors may declare and pay from time to time;
- (c) the right to receive the remaining property of Plantcorp upon dissolution of the company;
- (d) subject to Plantcorp's constitution, the Corporations Act and the ASX Listing Rules of the ASX, shares in Plantcorp are freely transferable. Subject to the Corporations Act and the ASX Listing Rules, Plantcorp's directors may refuse to register a transfer or apply to the ASTC to apply a holding lock to prevent a transfer of shares only in limited circumstances, such as where Plantcorp has a lien on those shares;
- (e) the rights attaching to a class of shares in Plantcorp can only be varied by a special resolution passed at a general meeting of the holders of that class of shares or with the written consent of holders of a least three quarters of the shares in that class. At present, there is only one class of shares in Plantcorp on issue (ie ordinary fully paid shares);
- (f) the right to receive notice of, and to attend and vote at, general meetings of Plantcorp and to receive all notices, accounts and other documents required to be furnished to shareholders under Plantcorp's constitution, the Corporations Act and the ASX Listing Rules;
- (g) the board of Plantcorp may, subject to the restrictions on the allotment of shares under the Corporations Act and the ASX Listing Rules, issue or otherwise dispose of further shares on such forms and conditions as the Board determines;
- (h) subject to the ASX Listing Rules, Plantcorp may sell the shares of a shareholder who holds less than a marketable parcel of shares; and

- (i) ASX Restricted Securities cannot be disposed of during the escrow period except as permitted by the ASX Listing Rules or ASX, and the Company will not acknowledge a disposal (including registering a transfer) of ASX Restricted Securities during the escrow period except as permitted by the ASX Listing Rules or ASX.

4.2 Plantcorp Options

The terms and conditions of the Plantcorp Options to be issued under the Offer are the same as the terms and conditions which apply to Vet Options. The following is a summary of the terms of conditions of the Plantcorp Options to be issued under the Offer:

- (a) the options expire at 5.00 pm Adelaide time on 30 June 2011. Any option not exercised before that time automatically lapses;
- (b) any portion of the total number of options held may be exercised by the holder;
- (c) each Plantcorp Option carries the right to subscribe for one Plantcorp Share, subject to the adjustment provisions which are set out below;
- (d) subject to the adjustment provisions which are set out below, the exercise price of the options is \$0.20 each, payable in full on application. Plantcorp Shares will be credited as a fully paid share on payment of the exercise price;
- (e) options are fully transferable, subject to the same restrictions which apply to Plantcorp Shares;
- (f) options are exercisable by the delivery to the registered office of a notice in writing stating the intention of the holder to exercise a specified number of options, accompanied by a cheque made payable to Plantcorp for the subscription money due, subject to the funds being cleared funds. The exercise of only a portion of the options held does not affect the holder's rights to exercise the balance of any options held;
- (g) Plantcorp must issue the Plantcorp Shares no later than 14 business days after receipt of the notice of exercise of the options and the exercise money;
- (h) Plantcorp Shares issued on the exercise of options will rank, as from the date of issue, equally in all respects with the then Plantcorp Shares;
- (i) a statement of holding will be issued for the Plantcorp Options. The reverse side of each statement will set out the rights of the option holder and a notice that is to be completed when exercising the options;
- (j) if Plantcorp is listed on any Australian Stock Exchange, Plantcorp must make application to have Plantcorp Shares issued on an exercise of Options listed for official quotation by that stock exchange no later than three business days after the issue of the Plantcorp Shares;
- (k) options will not entitle the holder to participate in any new pro-rata issue of securities of the Company. However, an entitlement to participate will apply following the exercise of the options. Option holders will be afforded the period of at least nine business days before the record date of a new pro-rata issue of securities to exercise the options;
- (l) if the issued capital of Plantcorp is reconstructed, the number of options or the exercise price of the options or both must be reconstructed (as appropriate) so that there will not be any benefits conferred on option holders which are not conferred on

shareholders. Subject to the rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital the terms for the exercise of options must remain unchanged in all other respects;

- (m) the options do not give any right to participate in any dividends declared by Plantcorp. Plantcorp Shares issued on the exercise of the options rank equally for dividends with other Plantcorp Shares;
- (n) the number of Plantcorp Shares issued on the exercise of Plantcorp Options will be adjusted for pro rata bonus issues made before exercise of options. The effect of this adjustment will be that, on the exercise of the options, the number of shares received by the option holder will include the number of bonus shares that would have been issued if the options had been exercised before the record date for bonus issues. The exercise price of the options will not change because of any bonus issue;
- (o) if there is a pro rata rights issue to shareholders in Plantcorp before the exercise of an option then subject to any applicable listing rule, the exercise price of the option will be reduced according to the following formula:

$$O' = O - E [P - (S + D)]$$

$$N + 1$$

Where:

O' = the new exercise price of the option

O = the old exercise price of the option

E = the number of shares into which the option is exercisable

P = the average market price per share (weighted by reference to volume) of the shares during the 5 trading days ending on the day before the ex rights date or the ex entitlement date

S = the subscription price for a share under the pro-rata issue

D = the dividends due but not yet paid on the existing shares (except those to be issued under the issue)

N = the number of shares with rights or entitlement that must be held to receive a right to one new share

5. CORPORATE GOVERNANCE

5.1 Directors

On Completion, the Plantcorp board of directors will comprise the Existing Vet Directors. At the next general meeting of the Company, each of the Existing Vet Directors will retire, and if he or she so chooses, can offer themselves for re-election. In addition, at each annual general meeting of Plantcorp, one third of the board of directors (apart from the managing director) will retire and each retiring director, if he or she so chooses, can offer themselves for re-election.

Plantcorp's policies regarding the terms and conditions of remuneration of board members will be approved by the board on the basis of independent professional advice, as required.

The remuneration and terms and conditions of employment for the General Manager and other Senior Executives will be reviewed and approved by the Proposed Directors after seeking independent professional advice, as required.

Non-executive directors will have the right to seek independent professional advice to further their duties as directors at Plantcorp's expense. The chairman's prior approval of any expenditure will be required.

The board will facilitate the identification of significant areas of business risks to implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards. In relation to these matters, the board will specifically:

- (a) ensure compliance with legal requirements and ethical principles;
- (b) monitor the business environment;
- (c) identify business risk areas;
- (d) identify business opportunities; and
- (e) monitor systems established to ensure prompt and appropriate responses to shareholder complaints and inquiries.

Given that Plantcorp is small, with limited activities and limited resources, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration.

5.2 Audit Committee

The board has not established an Audit Committee due to the scale and nature of the Company's Activities.

5.3 Risk Management

The board will regularly monitor the operational and financial performance of Plantcorp and seek advice on areas of operation and financial risk and consider strategies for appropriate financial risk management. All operational and financial strategies adopted will be aimed at increasing shareholder value.

The board will ensure that recommendations made by the auditors and other external advisers are investigated and appropriate action is taken to ensure that Plantcorp has an appropriate internal control environment in place to manage the key risks identified.

5.4 Continuous Disclosure

Plantcorp will adopt a continuous disclosure policy so as to comply with its continuous disclosure obligations when listed on ASX. The aims of this policy are to:

- (a) assess new information and co-ordinate any disclosure or releases to the relevant stock exchange, or any advice required in relation to that information in a timely manner;
- (b) provide an audit trail of the decisions regarding disclosure to substantiate compliance with Plantcorp's continuous disclosure obligations;
- (c) report to the board on continuous disclosure matters; and

- (d) ensure that employees, consultants and associated entities and advisers of Plantcorp understand the obligations to bring material information to the attention of the directors.

6. PLANTCORP EXECUTIVE AND DIRECTOR SHARE OPTION SCHEME

It is proposed that, subject to Completion occurring, Plantcorp will adopt a Director and Executive Option Plan. The plan will provide for the grant to directors and executives of options to subscribe for Plantcorp Shares at an exercise price to be determined by directors at the time of grant of the options.

The purpose of the plan is to align the interests of directors and executives of Plantcorp with those of shareholders. The plan is seen by the Proposed Directors as an integral component of its remuneration strategy.

An overall limit will apply to the number of options that may be issued under the plan. Plantcorp must not grant options under the plan if at the date of grant the aggregate number of:

- (a) unissued Plantcorp Shares to which outstanding options under the plan relate; and
- (b) Plantcorp Shares issued, as a result of the exercise of options granted under the plan during the five year period ending on the proposed date of grant,

exceeds 7.5% of the aggregate number of issued Plantcorp Shares.

E. ABOUT PLANTCORP AND VET

1. PROFILE OF VET

1.1 Disclaimer

The following information on Vet has been prepared by Plantcorp using publicly available information and certain information provided to Plantcorp by Vet pursuant to a limited due diligence investigation which Plantcorp has conducted. This information has not been independently verified. Plantcorp does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Vet in this Bidder's Statement should not be considered comprehensive.

Further information about Vet will be set out in the Target's Statement.

1.2 Overview of Vet

Vet was incorporated in South Australia as a proprietary company on 23 July 2003 and converted to a public company on 6 February 2004. On 10 December 2004, Vet was admitted to the official list of NSX.

Vet was formed to focus on the development of a vaccine and diagnostic for the long-term management of *Rhodococcus equi* disease or what is known in the thoroughbred breeding industry as "Rattles". In addition, Vet has entered into an exclusive agreement with VetCell Biosciences (UK) to commercialise new stem cell based services for equine tendon and ligament injuries.

1.3 Horse Stem Cells

Many competition horses, thoroughbreds and other breeds, suffer tendon and ligament injuries as a result of the demands of high performance racing. The most common injuries are to the suspensory ligament and bowed tendons. In many instances these injuries are career limiting and as such are a major cause of wastage in the industry. It is estimated that up to 2% of injuries suffered by competition horses are due to tendon and ligament injuries.

Current therapies for repair of these injuries have a poor prognosis for recovery with low success rates between 20 - 50% in Australia. Those animals that do recover have a high risk of re-injury when they return to training and racing as the tendon is repaired with scar tissue. The financial burden of these injuries to the industry is derived from:

- wasted training costs;
- cost of hospitalisation and rehabilitation;
- low success rate for existing therapies; and
- loss of potential earnings from racing and breeding.

Stem cells have the unique ability to generate a range of specialised cell types to regenerate tissue. Equine mesenchymal stem cells hold the promise of being able to regenerate tendon and ligament cells and offer an opportunity to return to a fully functional tendon or ligament as opposed to one compromised by the presence of scar tissue.

1.3.1. Stem Cell Services

Mesenchymal stem cells are found in small numbers in the bone marrow of adult horses and the umbilical cord of foals. The technology includes a proprietary technique for multiplying mesenchymal stem cells, a method of cryogenic storage of stem cells and a training program for collection and implantation of stem cells.

Services to be offered by the Company:

- Tendon treatment: A mesenchymal stem cell service for regeneration of equine tendons and ligaments.
- Stem Cell Storage: Cryostorage of umbilical cord derived stem cells collected from the umbilical cord at foaling, providing an insurance policy in case of future injury added value at the annual sales.

1.3.2. Regulatory

The equine stem cell services have been determined to be services regulated by the Australian Pesticides and Veterinary Medicines Authority (APVMA).

Given this the stem cell services must be manufactured under a Minor Use Permit issued by the APVMA. A condition of this permit is that the manufacturing be conducted under Good Manufacturing Procedures (GMP).

On 1 July 2005 the Company received approval to market the stem cell services from the APVMA under Minor Use Permit number PER8275.

1.3.3. Intellectual Property

The stem cell technology is protected by the international PCT/GB2003/003894 titled 'Pharmaceutical kits comprising mesenchymal stem cells', covering the laboratory process and the clinical application of the technology. The PCT has been converted into separate national phase applications in Australia, Europe and the United States of America. A Canadian application may be filed by 7 March 2006.

1.3.4. Arrangements with VetCell Bioscience Ltd (VetCell)

On 26 May 2004 Vet entered into an exclusive Heads of Agreement with VetCell Bioscience Ltd (UK) for the commercialisation of proprietary mesenchymal stem cell based technologies. On 10 November 2004 the Company and VetCell entered into an exclusive licence agreement for the stem cell technologies. VetCell holds the exclusive world-wide right to sub-license the products of the horse stem cells as described in the Patent.

The licence provides Vet with the right to commercialise two proprietary product services, currently marketed in the UK by VetCell, for the territories of Australia and New Zealand.

The essential terms of the licence are summarised in the following table:

Licence Grant	Exclusive licence to do all things under the Patents and Know-how in the Territory.
Sub-licencing	The company may sub-licence rights to a contract manufacturer for the production of the Licensed Product and to veterinary surgeons for the use of the Licensed Product.

Term	A period of 3 years and Vet may renew this Agreement for a further three, 3 year periods.
Royalties	Initially 10% of Net sales of Licensed Products sold with the ability to reduce to 5% dependent upon the number of Licensed Products sold.
Licence Payments	VetCell will receive the following licence payments: <ul style="list-style-type: none"> • £14,000 as an upfront payment; • £30,000 on 12 November 2004 • £30,000 by 1 March 2005
Performance Criteria	The Licence contains minimum sales quantities. VetCell has the right to terminate the Agreement in the event that Vet does not meet the Minimum Sales Quantities in any Sales Year.

VetCell will support the establishment of the technology by Vet in Australia and New Zealand, at cost.

1.3.5. Arrangements with Medvet Science Pty Ltd (Medvet)

On 8 July 2005 the Vet signed a Licence, Sub-licence, Service, Manufacture and Supply Agreement with Medvet to manufacture the equine mesenchymal stem cell services in Australia.

The Therapeutic Products Facility, Department of Haematology, at the Institute of Medical and Veterinary Science (IMVS) will conduct Manufacturing. This facility has been registered to manufacture the equine stem cells under the Good Manufacturing Practice (GMP) licence number 1077 issued by the APVMA.

The essential terms covered under the licence agreement between Medvet and Vet are:

Term	One year with an option to extend for an additional year.
Facilities	Medvet to maintain GMP facilities.
APVMA Registration	Medvet to support Vet to maintain the APVMA permits.
Validation	Vet will pay Medvet \$25,000 for validation of the GMP manufacturing process.

1.3.6. World-Wide Umbilical Cord Licence

On 10 August 2005, Vet entered into an exclusive Licence, Distribution and Supply Agreement with VetCell for the commercialisation of the proprietary umbilical cord derived mesenchymal stem cell based technologies.

The Licence, Distribution and Supply Agreement provides Vet with an exclusive licence to the world-wide rights for the provision of the Horse Umbilical Cord stem cell services to international customers.

The essential terms of the Licence, Distribution and Supply Agreement are summarised in the following table:

Service	A service to collect equine Umbilical Cord, Umbilical Cord Blood and or Warton's Jelly from Umbilical Cord for isolation, expansion and cryostorage of autologous equine mesenchymal stem cells for later use.
Grant of Sub-Licence	Exclusive.
Rights Conferred by Licence	The right to market and sell the Service in the territory to International Customers.
Territory	World-Wide.
Term	A term of 3 years with Vet retaining first right of refusal to extend the term for a further 3 periods of 3 years.
Royalty	Five (5) percent of Net Sales.
Sales Targets	Vet will achieve minimum annual sales.
Sub-licence	Vet may sub-licence the performance of the Service to VetCell approved laboratories.

1.3.7. Expansion of Stem Cell Services to New Zealand

Vet wishes to expand the licenced stem cell services into the New Zealand market. The company will endeavour to implement the stem cell services in New Zealand as soon as practicable.

In order to achieve this Vet may be required to:

- establish a local contract manufacturing facility in New Zealand;
- validate manufacturing procedures to GMP standards;
- achieve appropriate regulatory approval to market the services; and
- appoint a distributor to provide training and technical support services.

1.4 “Rattles” Disease

“Rattles” is one of the most commonly diagnosed bacterial respiratory tract infections of the lower airways of horses, in particular, thoroughbred foals. It is a major cause of wastage in thoroughbred foals in Australia and has been ranked among the four most important disease problems of the horse industry. It is manifested as a serious pneumonia affecting young foals less than six months old (and commonly one-three months). Infections are often fatal if left untreated.

The disease impacts significantly on the commercial operations of thoroughbred breeding and in particular the foal's welfare. The negative commercial burden is derived from:

- the cost of constantly monitoring young animals from birth for signs of illness;
- costs of hospitalisation;
- costs of antibiotic treatment;
- potential side effects of antibiotic therapy for the young foals;
- distraction of veterinarians from other issues of the horse stud during the reproductive season; and
- the loss of the foal.

There are no symptoms until the disease is well advanced.

1.4.1. Vaccine

The ultimate goal in the management of "Rattles" is the development of a vaccine for the disease.

A number of vaccine candidates have been developed using the VapA technology.

Further research and development into the vaccine is being conducted in animal models before safety and efficacy studies can begin in horses.

1.4.2. Diagnostic Test

The primary means of diagnosis of "Rattles" is by observation. Once symptoms are recognised, the foal is tested. At present, the foal is not tested unless and until clinical symptoms develop. Current methods for diagnosing "Rattles" include ultrasound, naso-tracheal aspiration and tests that confirm the presence of a disease state but do not specifically identify "Rattles".

The VapA based diagnostic technology specifically detects virtually all disease causing Virulent strains of the bacteria and does not detect the Avirulent strains. A prototype diagnostic test has been developed and may be used to detect "Rattles" in thoroughbred foals. The prototype needs further research to develop a marketable product.

It is envisaged that veterinarians and commercial veterinary laboratories would use the tests.

1.4.3. Intellectual Property

The VapA technology is protected by the Australian Patent Application PCT/AU2001/00478 'Antigenic Peptide Fragments of VapA Protein, and Uses Thereof'.

The application has been converted into separate national phase applications in Australia, Canada, Europe, New Zealand and the United States of America. The New Zealand application has recently been accepted.

Other Intellectual Property such as know-how, trade secret and copyright material also supports the technology.

1.4.4. Arrangements with Medvet Science Pty Ltd (Medvet)

On 23 December 2003 Vet entered into a licence agreement with Medvet under which the Company is appointed the commercialising agent with the rights to develop, manufacture, use, promote and sell the products of the Antigenic Peptide Fragments of VapA Protein as described in the Patent.

Medvet, the University of South Australia and the Rural Industry Research and Development Corporation are the co-owners of the Patent Application and by agreement dated 24 October 2002, Medvet was granted the exclusive worldwide licence to exploit the Technology.

The intended products culminating from further research and development are a serological diagnostic test and a vaccine for the treatment of "R. equi" disease otherwise known as "Rattles".

The essential terms covered under the licence agreement between Medvet and Vet are:

Term	Date of expiration of the patents or 15 years.
Milestones	<ul style="list-style-type: none">• the conclusion of clinical trials;• finalisation of the product development;• commercial sale of the product in Australia;• application for FDA marketing approval;• commercial sale of the product in the USA.
Licence fees	Vet will pay a licence fee to Medvet comprising: <ul style="list-style-type: none">• \$40,000 on the first anniversary of the Commencement Date;• Patent Issuance Fee comprising of \$75,000 (+GST) within 30 days after the grant of the Patent in the USA;• Royalties on net sales of product sold of 5%.
IP Fee	Each year of the licence, Vet will pay Medvet an Annual IP Fee comprising 2% of the previous year's net sales of the Product (+GST). This fee is payable to Medvet on the anniversary of the Commencement Date.
Research Fee	Each year of the licence, Vet will pay Medvet an Annual Research Fee comprising 3% of the previous year's net sales of the Product (+GST). This fee is payable on each anniversary of the Commencement Date.
Patent Fees	Vet must reimburse to Medvet any actual and reasonable out-of-pocket expenses incurred by Medvet, whether before or after the Commencement Date in connection with the preparation, filing, prosecution and maintenance of all patent applications and grant of patents relevant to the Patent Applications, within 30 days after receipt of an itemised invoice.

1.5 Equine Gastric Ulcer Syndrome (EGUS)

One of the most common ailments of competition horses is Equine Gastric Ulcer Syndrome (EGUS). This syndrome affects up to 90% of racehorses, up to 60% of other performance horses. It is estimated that up to 5% of horses at racing stables may be out of training due to EGUS. In foals EGUS has been reported at a prevalence of up to 57% and perforating ulceration in foals has been associated with fatalities.

It is thought that the increased incidence of EGUS in competition horses is brought about by factors relating to stringent training regimes:

- modern feeding practices, incorporating both fasting and high grain diets, may cause an increase in stomach acidity increasing the likelihood of ulceration;
- stress during the training programs also results in a lowering in the horse's natural defence against stomach acidity.

The economic burden of EGUS to the equine industry may be measured by:

- inappropriate use of expensive treatments due to incorrect diagnosis;
- wasted training and feeding costs estimated at AUD\$70 per day in Australia and US\$80 per day in the United States of America;
- loss of potential earnings due to poor performance.

EGUS is known to be responsible for weight loss and poor performance in horses, as a result of changes in eating patterns. These and other clinical signs, such as poor appetite and recurrent colic, are used to make an initial diagnosis of this condition. Unfortunately, these clinical signs are non-specific and not always recognised, meaning ulcers can go undetected for long periods of time.

Gastroscopy is necessary to diagnose gastric ulceration, however this technique does not detect all ulcers, especially in the lower regions of the stomach. In addition a long endoscope, which are in short supply in the industry, is required to diagnose EGUS. This method of diagnosis is very expensive and requires the horse to be sedated.

1.5.1. Diagnostic Test

Vet is investigating a potential diagnostic test for the detection and management of equine gastrointestinal ulceration. The intended product is an easy to use, non-invasive, laboratory method based on the sucrose breath test technology that may aid in the diagnosis of equine gastrointestinal ulceration.

The attraction of this technology is that it is non-invasive, requiring only a simple breath sample. This technology may be able to be used as a platform technology for the development of a broader diagnostic product range.

The expected advantages of the intended product include:

- Definitive diagnosis of gastric and small intestinal ulcers;
- Prescription of relevant treatments;
- Reduction in the length of illness by using the correct treatments;

- Removal of horses from training that cannot be treated quickly to reduce wasted training and feeding costs;
- Potential for use as a screening test;
- Simple, non-invasive diagnostic test;
- Testing that fits with current horse management techniques.

1.5.2. Arrangements with Nidor Ltd

On 11 August 2005, Vet signed a sub-licence agreement with Nidor Ltd for the exclusive world-wide right to make, use, sell and market products for detection of EGUS in horses using the breath test technology.

The intended products culminating from further research and development and the subject of the licence agreement are a breath test diagnostic for the management of EGUS disease.

The essential terms covered under the sub-licence agreement between Nidor and Vet are:

Term	On the date of expiration of the patent in each country or 15 years in countries with no patent rights.
Royalties	Vet to pay a royalty of 4% of net sales or AUD\$5,000 for each twelve month period whichever is higher.
Patent Costs	Vet will pay 15% towards any costs incurred to date or future costs incurred by Nidor in relation to the PCT/AU02/01666 patent application titled 'Breath Test'.

1.5.3. Intellectual Property

The Breath Test technology is protected by the international patent application PCT/AU02/01666 titled 'Breath Test'. The international application has been converted into separate national phase applications in Australia, Europe, New Zealand and the United States of America. A further application has also been filed in Hong Kong based on the European application.

The technology is co-owned by the Women's and Children's Hospital, a facility of Children Youth and Women's Health Service, and Adelaide Research & Innovation Pty Ltd. The owners have exclusively licenced the technology to Nidor Ltd who is permitted to grant sub-licences in respect of its rights under the licence. Nidor Ltd has appointed Vet as the exclusive sub- licensee for equine applications..

1.5.4. Arrangements with Veterinary Research Synergies Pty Ltd (VRS)

On 11 August 2005, Vet signed a Research and Development Agreement with VRS to enter into a contract research and development agreement to conduct clinical trials and develop a commercial breath test for the diagnosis and management of EGUS.

VRS will develop documentation for the pre-clinical and clinical trial process for the Sucrose Breath Test, including preparation of and application for approval from a recognised ethics approval body for the pre-clinical and clinical trial phases, study protocols, trial records and databases. The studies are to be conducted to GLP standards and designed to product

specifications to achieve regulatory approval in Australia, Europe, Japan and the United States of America.

VRS will conduct a Phase I pre-clinical trial on the Sucrose Breath Test. Vet will make a decision to continue the study following a review of the Pre-Clinical study report. In the event that Vet decides to continue the investigation will enter into the Phase II Clinical trial.

Following completion of a successful Phase II clinical trial and development of a commercial product VRS will provide a commercial testing service to Vet.

The Research and Development agreement is subject to VRS obtaining all necessary licences, consents, permits and approvals from relevant committees, bodies and statutory authorities to conduct the Sucrose Breath Test project.

Vet may decide, at its sole discretion, to terminate the Research and Development agreement in the event that the pre-clinical trial does not achieve the required milestones or if clinical trial does not meet the required milestones for commercialisation of the Sucrose Breath Test.

The essential terms of the Research and Development Agreement are summarised in the following table:

Term	The full project term is up to 18 months including: <ul style="list-style-type: none">• pre-clinical phase of 4 months; and• clinical phase of up to 14 months.
Milestone Payments	VRS will receive the following payments: <ul style="list-style-type: none">• \$53,170 + GST for the Pre-clinical trial• \$11,400 + GST per month for the Phase II clinical trial up to a maximum of \$136,800.

1.6 VetCell Bioscience Ltd (UK)

On 24 January 2005 Vet signed a Heads of Agreement with UK based VetCell to negotiate the terms and conditions of a Joint Venture Agreement to commercialise and distribute VetCell's proprietary equine stem cell services in the United States of America.

1.6.1. Joint Venture for the United States of America

The proposed Joint Venture will use the commercialisation experience from Europe and Australia to provide a full turnkey operation to customers in the USA. A working party from both companies will formulate the Joint Venture strategy and business plan for the USA. This will include manufacturing, technical training, marketing and customer training and will be subject to regulatory, licensing and practical constraints.

A US based partner will be identified to be a third party to the Joint Venture.

The essential terms of the Heads of Agreement are summarised in the following table:

Term	The terms and conditions of the Joint Venture Agreement are to be negotiated within 3 months of the date of the Heads of Agreement and the companies have agreed to carry out all actions to support the possible launch of the technology in the United States marketplace before 31 December 2005.
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VetCell Licence Grant	VetCell agrees to grant an exclusive commercialisation licence for the equine stem cell technology to the Joint Venture subject to satisfactory project plans and cost estimates.
Vet Licence Grant	Vet agrees to grant an exclusive commercialisation licence to the Joint Venture for any technology for which it currently holds a licence subject to satisfactory project plans and cost estimates.
Intellectual Property	Any new intellectual property and commercial know-how developed jointly by VetCell and Vet will be equally co-owned by VetCell and Vet.
Funding	Vet, VetCell and the US distributor will raise the required funds for commercialisation of the technology in the USA.

1.7 Acquisitions, licencing, research and development of new technologies

Vet will encourage other researchers in the veterinary field to introduce their research for possible funding, enabling the company to expand it's research and development pipeline and broaden its product base.

The Company will investigate and encourage the acquisition of other organisations with complimentary product offerings and or development pipelines to expand Vet's product offerings and revenue streams.

2. VET DIRECTORS

The Existing Vet Directors will be appointed as directors of Plantcorp following the commencement of trading on ASX of Plantcorp Shares. Details about the backgrounds of the Existing Vet Directors are set out in Section D.

3. VET MANAGEMENT

The existing management of Vet will continue in their roles. The existing management comprise a General Manager and a Scientific and Management Team.

General Manager
Hugo Frederick Le Messurier
BSc

After receiving a Bachelor of Science from the University of Adelaide (majors in Genetics, Microbiology and Immunology), Hugo joined Genzyme Corporation, one of the world's largest and most profitable biotechnology companies.

For 8 years, Hugo was based in the United Kingdom and the United States in a number of key positions in Sales and Marketing. Upon leaving Genzyme, he held the position of International Marketing Manager for the Diagnostics Division. On his return to Australia, Hugo founded a beverage company and consults in biotechnology. Hugo joined Vet as General Manager in January 2004.

Scientific and Management Team

Professor Mary Barton

BVSc PhD Dip Bact FACVSc

Professor of Microbiology, University of South Australia: 30 years experience in veterinary microbiology research and diagnosis of infectious diseases. More than 60 refereed publications. Principal investigator on RIRDC (horses) projects USA-6A, IMV-2A and IMV-2A. National expert on *R. equi* infections in horses. National and international consultant on veterinary microbiology issues.

Dr David Tivey

BSc PhD

Dr David Tivey is a cell and whole animal physiologist trained at the University of St Andrews and the Babraham Institute, Cambridge in the UK. For the past 14 years, he has been employed as a lecturer in Animal Science at the University of Adelaide. During his career, Dr Tivey has published 30 plus peer reviewed journal articles, 60 plus conference abstracts and 3 patents on the impact of nutrition, environment and growth factors on digestive tract physiology. Recent research has focused on non-invasive breath tests to assess digestion and intestinal function. This work lead to Dr Tivey establishing VRS Pty Ltd, a research and development company focused on veterinary medicine. Dr Tivey continues to be affiliated to the University of Adelaide in the Discipline of Animal Science.

4. PUBLICLY AVAILABLE INFORMATION

Vet is a company listed on NSX and is subject to periodic and continuous disclosure requirements of the Corporations Act and the NSX Listing Rules. Vet's Directors' Report and Financial Statement for the half year ended 31 December 2004 was given to NSX on 16 March 2005.

5. RECENT CHANGES IN VET'S FINANCIAL POSITION

Within the knowledge of Plantcorp, the financial position of Vet has not materially changed since 31 December 2004 (being the date of Vet's most recent financial report which was announced to NSX on 16 March 2005). Since 31 December 2004, Vet has made a number of announcements to NSX that may be relevant to its financial position. Information (including copies of financial statements and announcements) may be obtained from Vet's website at www.vetbiotechnology.com.au and from the NSX website at www.nsx.com.au. Since 31 December 2004, the following material notices have been given by Vet to the NSX:

Date	Announcement
24 February 2005	Joint Venture Notice: Heads of Agreement for USA expansion
25 February 2005	Notice of Extraordinary General Meeting
24 March 2005	Periodic Disclosure Other: Additional Financial Information for Appendix 3
30 March 2005	Results of Meeting: General Meeting of Shareholders Results
31 March 2005	Section 205G Notice of Change in Director's Interests
6 April 2005	Issued Capital Other: Quotation of Additional Securities
14 June 2005	Takeover Offer: Vet announces possible Backdoor Listing on ASX
23 June 2005	Assets Other: Horse Stem Cell Services Registered for Use in Australia
27 June 2005	Media Release: Australian Veterinarians Trained in Equine Stem Cell Services

12 July 2005	Agreement Notice: Equine Stem Cell Manufacture & Supply Agreement with Medvet Science Pty Ltd
14 July 2005	Assets Other: GMP Licence to Manufacture Horse Stem Cells in Australia
20 July 2005	Assets Other: Horse Stem Cell Service Launched in Australia
28 July 2005	General Market Disclosure Other: First Orders for Equine Stem Cell Service to Treat Tendon and Ligament Injury
10 August 2005	Agreement Notice: World Wide Supply and Distribution licence for Equine Umbilical Cord Stem Cell Storage Technology
11 August 2005	Agreement Notice: Sub-Licence Agreement with Nidor Pty Ltd for Breath Test Technology
12 August 2005	Agreement Notice: Research & Development Agreement with Veterinary Research Synergies Pty Ltd to Develop Breath Test Technology for Equine Ulcers
12 August 2005	Exercise of Options
12 August 2005	Exercise of Options
12 August 2005	Exercise of Options
12 August 2005	Exercise of Options
12 August 2005	Top 20 Shareholders: Update to Members Register
12 August 2005	General Market Disclosure Other: Supplementary Announcement

6. INFORMATION ON VET SECURITIES

Details of Vet's capital structure are set out in paragraph 2.1 of Section Lof this Bidder's Statement. As at 14 June 2005, the date of announcement of the proposal for the Bid, the following persons had lodged substantial holding notices with Vet:

Name of Holder	Date became a substantial holder	Number of securities held	Voting Power
Palpet Pty Ltd	10/09/03	1,000,000 Vet Shares and 1,000,000 Vet Options	9.15%
D. P. Le Messurier	10/09/03	950,000 Vet Shares and 950,000 Vet Options	8.69%
First Avenue Investments Pty Ltd	10/09/03	900,000 Vet Shares and 900,000 Vet Options	8.23%
Medvet Science Pty Ltd	10/09/03	600,000 Vet Shares and 600,000 Vet Options	5.49%

F. PLANTCORP'S INTENTIONS

1. OVERVIEW

This Section sets out Plantcorp's intentions regarding:

- (a) the continuation of the business of Vet;
- (b) any major changes to be made to that business, including any redeployment of the fixed assets of Vet; and
- (c) the future employment of the present employees of Vet,

on the basis of facts and information known to Plantcorp as at the date of this Statement. It should be noted that the final decisions on these matters will only be reached in the light of all material facts and circumstances at the relevant time. Upon completion of the Offer, Plantcorp will, in the ordinary course of its management, review the activities, assets and employees of Vet to evaluate performance, profitability and prospects in light of the information then available to it. Accordingly, the statements set out in this Section are statements of current intention which may vary as circumstances may require.

90% Shareholding

While Plantcorp is seeking to acquire all of the Vet Shares on issue, the Offers include a 90% minimum acceptance condition. This means that Plantcorp could, at the end of the Offer Period, hold between 90% and 100% of the Vet Shares on issue.

Plantcorp therefore sets out below its intentions should the Offers result in a holding in excess of 90%.

As at the date of this document, Plantcorp is not in a position to determine, and has not determined, its intentions should the 90% minimum acceptance condition remain unsatisfied. However, Plantcorp reserves the right to declare the Offer free from the 90% minimum acceptance condition (or any other condition to the Offer) at any time.

2. PLANTCORP'S INTENTIONS WITH RESPECT TO VET UPON GAINING 90% OF VET SHARES

If Plantcorp receives Acceptances for 90% or more (by number) of the Vet Shares on issue and the Offer is declared or otherwise becomes free of all other conditions, it is Plantcorp's present intention to:

- (a) proceed with the compulsory acquisition of any outstanding Vet Shares in accordance with the Corporations Act;
- (b) operate Vet's business in conjunction with its own but otherwise not make any major changes to that business or redeploy any of Vet's fixed assets except in terms of the objectives of described in paragraph 3 of this Section below; and
- (c) procure the de-listing of Vet from the NSX.

It is a condition of the Offer that the Existing Vet Officers replace the Existing Plantcorp Officers. This will occur following the commencement of trading of Plantcorp Shares on ASX.

The existing management of Vet will continue in their roles. With regard to current employees of Vet, Plantcorp does not envisage any change in their employment as a result of the successful completion of the Bid.

3. PLANTCORP/VET MERGED ENTITY OBJECTIVES

Plantcorp seeks to raise \$3.25 million through the Capital Raising to:

- fund a Joint Venture with VetCell to establish the stem cell services in the United States of America as soon as practicable;
- continue to fund further research to improve the prototype diagnostic test for 'Rattles';
- continue to fund further research, development and clinical trials for a vaccine for 'Rattles';
- fund research and clinical trials for development of the sucrose breath test diagnostic for the detection and management of equine gastrointestinal ulcers;
- implement the stem cell services in New Zealand as soon as practicable;
- identify, source and secure national and or international distributors and/or licensees or other commercial agreements;
- re-enforce current patent applications and seek new patents from current or new research groups;
- raise working capital for the Company and employ appropriate people for any function in the organisation;
- fund patent, license and option fees over current or new products;
- identify other veterinary products to research, produce and market;
- address Government regulations and compliance for current and possible new products;
- obtain both Australian and any overseas government approval for current or new products; and
- pay the costs of the Capital Raising.

4. PLANTCORP'S INTENTIONS WITH RESPECT TO VET OPTIONS UPON GAINING AT LEAST 50% BUT LESS THAN 90%

If Plantcorp acquires at least 50% (by number) of the Vet Options and the Offer is declared or becomes free of all other conditions but Plantcorp does not become entitled to acquire compulsorily the outstanding Vet Options, then in the absence of any requirement to do so under Section 662A of the Corporations Act, Plantcorp does not intend to attempt to acquire any more of the Vet Options.

G. EFFECT OF THE ACQUISITION OF VET ON PLANTCORP

1. EFFECT OF THE OFFER ON PLANTCORP'S FINANCIAL POSITION

1.1 Pro Forma Consolidated Statement of Financial Position

Set out below is a pro forma consolidated statement of financial position as at 31 December 2004 which assumes Plantcorp acquires all Vet Shares. The financial information is provided for illustrative purposes only. In considering the information, Vet Securityholders must take into account the assumptions underlying the pro forma which are set out below.

	\$
Assets	
Current Assets	
Cash at Bank	339,408.00
Term Deposit	2,953,500.00
	<u>3,292,908.00</u>
Debtors	
Receivables	1,919.00
	<u>1,919.00</u>
Total Current Assets	<u>3,294,827.00</u>
Non Current Assets	
Plant & Equipment	3,703.00
Other	909.00
	<u>4,612.00</u>
Intangibles	
Goodwill on Acquisition	4,933,479.00
	<u>4,933,479.00</u>
Total Non Current Assets	<u>4,938,091.00</u>
Total Assets	<u>8,232,918.00</u>
Liabilities	
Current Liabilities	
Creditors	
Payables	198,199.00
Provisions	3,329.00
Total Current Liabilities	<u>201,528.00</u>
Total Liabilities	<u>201,528.00</u>
Net Assets	<u>8,031,390.00</u>
Equity	
Issued Capital	9,505,650.00
Capital Raising Expenses	(400,000.00)
Accumulated Losses-Beg of Year	(1,074,260.00)
Total Equity	<u>8,031,390.00</u>

Note: The cash level of \$339,408 as at 31 December 2004 referred to above is based on the respective cash balance of Plantcorp and Vet of \$41,810 and \$297,000. As at 30 June 2005, those levels (unaudited) were \$81,413 and \$145,540 respectively.

Assumptions:

- (a) The pro forma statement of financial position has been based on:
- the statement of financial position of Vet as at 31 December 2004 which was subject to any audit review;
 - the statement of financial position of Plantcorp as at 31 December 2004 which was subject to any audit review;
 - the conversion of the New Convertible Loans is approved by Shareholders at the Meeting, and all New Convertible Loans and Convertible Preference Shares are converted to Plantcorp Shares (i.e. a 1 for 12 Consolidation);
 - no Plantcorp Options are exercised;
 - the Prospectus is fully subscribed and there are no over-subscriptions;
 - there are 100% acceptances of the Bid by Vet Securityholders;
 - the value attributable to the Plantcorp Shares to be issued under the Offer to Vet Securityholders is \$5,292,000;
 - neither Plantcorp nor Vet issues any further ordinary shares between the date of this Bidder's Statement and completion of the compulsory acquisition of Vet Shares; and
 - Plantcorp incurs transaction costs related to the merger of \$400,000 which are applied against equity.
- (b) The accounting policies used in preparing the pro forma statement of financial position set out above are those accounting policies used by Plantcorp and Vet respectively set out in their respective financial statements as at 31 December 2004.

1.2 Impact of adopting Australian equivalents of International Financial Reporting Standards

The Pro Forma Consolidated Statement of Financial Position in paragraph 1.1 has been prepared in accordance with applicable Australian accounting standards. The adoption of Australian equivalents of International Financial Reporting Standards ("AIFRS") will apply to the financial year commencing 1 July 2005. Both Plantcorp and Vet have commenced the transition of accounting policies and financial reporting from current Australian Standards to AIFRS.

Set out below are key areas where accounting policies are expected to change on adoption of AIFRS and these may have an impact on the Pro Forma Consolidated Statement of Financial Position set out in paragraph 1.1 of this Statement.

The figures disclosed are best estimates of the quantitative impact of the changes as at the date of preparing the Pro Forma Consolidated Statement of Financial Position. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (i) ongoing work being

undertaken by Plantcorp and Vet; (ii) potential amendments to AIFRS's and Interpretations thereof being issued by the standard-setters and IFRIC; and (iii) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Classification of Financial Instruments

Under AASB 139: *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories, which in turn, determine the accounting treatment of the item. The classifications are loans and receivables - measured at amortised cost, financial assets held to maturity - measured at amortised cost, financial assets held for trading - measured at fair value with fair value changes charged to net profit or loss, financial assets available for sale - measured at fair value with fair value changes taken to equity and non-trading liabilities - measured at amortised cost. This will result in a change in the current accounting policy of Plantcorp and Vet that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments recognised on balance sheet at fair value.

Goodwill

Under AASB 3: *Business Combinations*, goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the current accounting policies of Plantcorp and Vet which amortise goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but will be written down to the extent that it is impaired. Under AASB 3: *Business Combinations*, positive goodwill is recognised as a loss in the Statement of Financial Position.

Income Taxes

Under AASB 112: *Income Taxes*, the Merged Entity will be required to use a balance sheet liability method, which focuses on the tax effect of transactions and other events that effect amounts recognised in either the Statement of Financial Position or a tax based balance sheet.

Research & Development Expenditure

Under AASB 138: *Intangible Assets*, costs associated with the research phase of the development of an asset must be expensed. This will result in a change in the current accounting policy of Vet, which capitalises research costs, and to the Statement of Financial Position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Share Based Payments

Under AASB 2: *Share based Payments*, the Merged Entity would recognise the fair value of options granted to executives and directors as remuneration as an expense on a pro rata basis over the vesting period in the Statement of Financial Position with a corresponding adjustment to equity.

2. EFFECT OF THE OFFER ON PLANTCORP'S CAPITAL STRUCTURE

The Bid will have an effect on the capital structure of Plantcorp. This effect is summarised in the table set out below. This table assumes that Plantcorp acquires 100% of the Vet Shares and 100% of the Vet Options:

Shares	Number	Percentage of Shares	Percentage of fully diluted capital
Existing Plantcorp Shareholders	7,438,180	11.62%	7.55%
Prospectus Shareholders	16,250,000	25.40%	16.50%
Vet Shareholders	40,295,822	62.98%	40.90%
Total Issued share capital	63,984,002	100%	
Options			
Officer Options	2,000,000		2.03%
Success Fee Options	500,000		0.51%
Kennedy Options	166,666		0.17%
Other Options	99,398		0.01%
Prospectus Options	16,250,000		16.49%
Bid Options issued to Vet Optionholders	15,519,639		15.75%
Total Options	34,535,703		
Fully diluted share capital	98,519,705		100%

The above table assumes:

- conversion of the New Convertible Loans is approved by Plantcorp Shareholders at the Meeting and all New Convertible Loans are converted to Plantcorp Shares (i.e. a 1 for 12 Consolidation). If conversion of the New Convertible Loans is not approved but the consolidation is approved, Existing Plantcorp Shareholders will hold 7,302,664 Plantcorp Shares and there will be no Officer Options on issue.
- the Prospectus is fully subscribed and there are no over-subscriptions;
- there are 100% acceptances of the Bid by Vet Securityholders and the capital structure of Vet is as set out in paragraph 2.1 of Section L; and
- neither Plantcorp nor Vet issues any further ordinary shares between the date of this Bidder's Statement and completion of the compulsory acquisition of Vet Shares.

H. INVESTMENT RISKS

1. INTRODUCTION

In deciding whether to accept the Offer, you should read this entire Bidder's Statement (and its appendices and annexures) carefully. You should also carefully consider the risk factors outlined in this Section. The future performance of Plantcorp and the future investment performance of Plantcorp Securities may be influenced by a wide range of factors, many of which are outside the control of Plantcorp. The future value of the assets of Plantcorp and the price at which Plantcorp Shares trade on the ASX may be influenced by some or all of these factors. Set out below is a summary of the material risk factors. The risks are not exhaustive and potential investors should read this Bidder's Statement in full and seek professional advice if they require further information on material risks in deciding whether to accept.

2. GENERAL RISK FACTORS

The price at which Plantcorp Shares trade on the ASX will vary and may be affected by a range of factors including movements in international and local stock markets, inflation, interest rates, currency fluctuations, general economic conditions and changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause Plantcorp Shares to trade below prices as at the Admission Date and may affect the financial performance of Plantcorp.

3. SPECIFIC RISK FACTORS

3.1 Investing in Biotechnology

Any investment in the Merged Entity is considered speculative because of the inherent risks associated with the appraisal and development of biotechnology, including its suitability for markets throughout the world including the process, production, distribution and marketing of any of the Merged Entity's products.

3.2 Legal Risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the interpretation of the legal requirements in any of the legal jurisdictions which govern the Merged Entity's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Merged Entity and its securities. In addition there is a commercial risk that legal action may be taken against the Merged Entity in relation to commercial matters.

3.3 Government Policy Changes

The Merged Entity may be affected by any changes in the Corporations Act, taxation laws, accounting standards and other legislation.

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Merged Entity and may affect profitability.

At present, the Existing Plantcorp Directors and the Existing Vet Directors are not aware of any reviews or changes that would affect the Merged Entity's research and intellectual property. However, changes in government attitudes on matters such as taxation, competition policy and environmental issues may bring pressures to review possible changes in government policies.

There is a risk that such changes may affect the Merged Entity's research and development plans or its rights and obligations in respect of its patents. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

3.4 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Bidder's Statement.

Although the Exiting Plantcorp Directos and the Existing Vet Directors are not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Merged Entity.

3.5 Uninsured Loss and Liability

Research and development of intellectual property involves hazards and risks that could result in the Merged Entity incurring losses and liabilities to third parties. There is a risk that the Merged Entity may not be insured against all losses or liabilities that could arise from its operations. If the Merged Entity incurs losses or liabilities which are not covered by its insurance policies, the funds available for research and development will be reduced and the value and/or tenure of the Merged Entity's assets may be at risk.

3.6 General Economic Climate

The Merged Entity may be adversely affected by a protracted slow down of the Australian economy or other international economies in which the Merged Entity operates.

Factors such as inflation, currency fluctuation, interest rates, changes to legislation, political decisions and industrial disruption may impact on operating costs and prices. The Merged Entity's future income and asset values can be affected by these factors, and in particular, by the market price for any product that the Merged Entity may produce and sell.

3.7 Funding

The Existing Plantcorp Directors and the Existing Vet Directors believe that the Merged Entity's available cash, including the additional capital to be sought under the Prospectus as disclosed in this Bidder's Statement should be adequate to fund the continued research of the projects and other Merged Entity objectives as stated in this Bidder's Statement. In the event that the funds are insufficient, further capital may need to be raised.

Unless and until the Merged Entity develops or acquires income producing assets, it will be dependent upon its ability to obtain future equity or debt funding to support research, evaluation and development of the research or products in which it has an interest. The Merged Entity's ability to raise further equity or debt, or to divest part of its interest in a project, and the terms of such transactions will vary according to a number of factors, including the success of research and evaluation results and the future development of projects, and prices for products in the Australian or international market.

3.8 Additional Capital Requirements

There is no assurance that additional funding will be available to the Merged Entity in the future or be secured on acceptable terms. If adequate additional funding is not available, the Merged Entity may be required to curtail significantly its research and development programmes. If adequate funds are not available, the Merged Entity's business will be materially and adversely affected.

3.9 Lack of Operating History

Vet was established in 2003 and to date has only limited operating history. The Merged Entity's strategy requires significant expenditure, particularly capital expenditure in its establishment phase. Expense levels are related to management decisions on pursuing targets that have been delineated during the Merged Entity's project research phase. Revenues, other than interest on unused funds and limited revenue from stem cell services, only became possible since the 2005 June quarter and the APWMA approval on July 1, 2005. The timing and extent of these variables is uncertain and, accordingly, the Existing Plantcorp Directors and the Existing Vet Directors are unable to predict when profitability will be achieved.

3.10 Managing Growth

To achieve the objectives set out in this Bidder's Statement, the Merged Entity will be required to implement operational and financial systems, procedures and controls and develop, expand, retain, manage and where appropriate, train its staff. No assurance can be given of the Merged Entity's ability to manage future growth.

3.11 Concentration of Share Ownership

The Existing Vet Directors have significant share and option holdings in Vet as set out in Section L of this Bidder's Statement. The Existing Vet Directors intend to accept the Offer in respect of their own shares and options, and will therefore acquire a significant share and option holding in the Merged Entity. Some investors may consider that this increases the risk of being a shareholder in the Merged Entity as the concentration of ownership may mean there is less liquidity for Plantcorp Securities.

3.12 Dependence on Key Personnel

The Merged Entity will rely on the technical and management abilities of certain key staff members and outsourced people. The departure of any of these staff members would be likely to have an adverse effect on the financial performance of the Merged Entity.

3.13 Product Substitution

The Merged Entity's results may be adversely affected through loss of sales and gross margins due to product substitution. The Existing Plantcorp Directors and the Existing Vet Directors can give no assurances on the impact on future earnings of further product substitution.

3.14 General Research and Development Risks

Research and development of new technology involves long lead-times. Risks inherent in these activities include

- uncertainty as to the outcome of the Merged Entity's research and development work;
- difficulties or delays in development of any of the Merged Entity's potential products;
- inability to secure key collaborative agreements and licences; and
- no assurance can be given that the Merged Entity's research and development efforts will be successful, that the products will be approved by appropriate regulatory authorities or be capable of being licensed or sold in commercial quantities or at acceptable prices, or that any products, if introduced, will achieve market acceptance.

3.15 Security of Intellectual Property

The Merged Entity's success will to a large degree depend on its ability to protect its intellectual property. It may be possible for a third party to copy or otherwise obtain and use its intellectual property without authorisation, or develop similar intellectual property independently. There can be no assurance that any protective measures taken by the Merged Entity have been or will be, adequate to protect its proprietary technology.

3.16 Absence of Dividends

The initial objective of the Merged Entity is to obtain sufficient working capital to enable it to fund further development. The ability of the Merged Entity to pay any dividend in the future is dependent upon many factors including the outcome of its ability to commercialise the resultant research. At that time, the amount, timing and payment of any future dividend will depend on a range of factors including future capital, research and development requirements and the financial position of the Merged Entity, generally, at the time. There will also be factors that affect the ability of the Merged Entity to pay dividends and the timing of those dividends that will be outside the control of the Merged Entity and its directors. The Existing Vet Directors are therefore unable to give any assurance regarding the payment of dividends in the future, if at all. Therefore, the Plantcorp Securities to be issued under the Offer carry no guarantee with respect to the payment of dividends, return of capital or the value of those securities.

3.17 Other Business Risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Merged Entity or by investors in the Merged Entity.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Merged Entity and the value of the Plantcorp Securities to be issued under the Offer.

This investment should be considered speculative and neither the Merged Entity nor the Existing Plantcorp Directors or the Existing Vet Directors or any other party associated with the preparation of the Bidder's Statement guarantee that any specific objectives of the Merged Entity will be achieved or that any particular performance of the Merged Entity or of its securities, including those to be issued under the Offer will be achieved.

I. THE OFFER

1. TERMS OF THE OFFER

1.1 Plantcorp's Offer

- 1.1.1. Plantcorp offers to acquire all of your Vet Securities on the terms of this Offer, including any Vet Shares which may be issued after the Register Date pursuant to the exercise of Vet Options from the Register Date until the end of the Offer Period.
- 1.1.2. If you accept this Offer and Plantcorp acquires your Vet Securities, Plantcorp is also entitled to any Rights in respect of those securities.
- 1.1.3. This Offer is dated 12 August 2005.

1.2 Consideration for Vet Shares

- 1.2.1. Plantcorp is offering Vet Shareholders 7 Plantcorp Shares for every 2 Vet Shares. This equates to 3.5 Plantcorp Shares for each Vet Share.
- 1.2.2. If the number of Vet Shares which you hold is such that your entitlement to Plantcorp Shares under this Offer is not a whole number, your entitlement to Plantcorp Shares will be rounded up to the nearest whole number.

1.3 Consideration for Vet Options

- 1.3.1. Plantcorp is offering Vet Optionholders 3 Plantcorp Options for every 2 Vet Options. This equates to 1.5 Plantcorp Options for each Vet Option.
- 1.3.2. If the number of Vet Options which you hold is such that your entitlement to Plantcorp Options under this Offer is not a whole number, your entitlement to Plantcorp Options will be rounded up to the nearest whole number.

1.4 Time for Payment of Consideration

Subject to paragraphs 4.1 and 4.2 of this Section, if you accept this Offer and the conditions of this Offer and of the contract resulting from the acceptance of this Offer are satisfied or are waived, then Plantcorp will cause the issue to you of the Plantcorp Securities to which you are entitled on acceptance of this Offer under paragraphs 1.1.1 and 1.2.1 of this Section by sending the appropriate holding statement to you at the address shown in the Acceptance Form on or before the earlier of:

- (a) one month after the later of the date this Offer is validly accepted by you under paragraph 4.2 of this Section and the date the contract which results from your acceptance of this Offer becomes or is otherwise declared unconditional; and
- (b) 21 days after the end of the Offer Period.

1.5 Ranking of Plantcorp Shares

The Plantcorp Shares issued under the Offer will be issued fully paid and will, from the time of issue, rank equally for dividends and other rights with existing Plantcorp Shares.

1.6 ASX Listing of Plantcorp Shares

Plantcorp will apply for official quotation of the Plantcorp Securities on ASX within 7 days after the date of this Bidder's Statement. Quotation will not be automatic but will depend on ASX exercising its discretion. Plantcorp cannot guarantee, and does not represent or imply, that the Plantcorp Securities to be issued under this Offer will be quoted.

2. OFFER PERIOD

This Offer is dated 12 August 2005 and, unless withdrawn beforehand, will remain open for acceptance during the period commencing on the date of this Offer and ending at 5.30pm WST on 7 November 2005, subject to any extension of that period pursuant to Section 650C of the Corporations Act.

3. SECURITIES TO WHICH OFFER EXTENDS

3.1.1. The Offer relates to Vet Securities that exist or will exist at the Register Date. The Offer extends to all Vet Shares which are issued from the Register Date to the end of the Offer Period as a result of the exercise of Vet Options.

3.1.2. If your Vet Securities are NSX Restricted Securities, NSX has consented to the release of the holding lock over those securities to enable you to accept the Offer, on the following conditions:

- Plantcorp is granted admission to the Official List and is scheduled for commencement of quotation; and
- the successful completion of the Bid.

The effective date of release will be 5pm on the day before Plantcorp Shares commence quotation on ASX.

4. ACCEPTANCE

4.1 Who may accept

4.1.1. An offer in the form of this Offer is being made to each person who is a holder of Vet Securities, or is entitled to be registered in the register of members or optionholders (as the case may be) of Vet as at 3.00pm EST on the Register Date.

4.1.2. A person who:

- (a) is able during the Offer Period to give good title to a parcel of Vet Securities; and
- (b) has not already accepted the Offer for those Vet Securities,

may accept as if an offer from Plantcorp on terms identical to this Offer had been made to that person in relation to those Vet Securities.

4.1.3. If at any time during the Offer Period and before this Offer is accepted you hold your Vet Securities in two or more distinct portions (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:

- (a) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Vet Securities;

- (b) to accept any of those corresponding Offers, you must specify by written notice to Plantcorp that your Vet Securities consist of distinct portions and the number of the Vet Securities to which the acceptance relates; and
- (c) otherwise Section 653B of the Corporations Act applies to this Offer in respect of your Vet Securities and any acceptance of this Offer by you.

4.2 How to accept this Offer in respect of your Vet Shares

4.2.1. To accept this Offer in respect of Vet Shares which at the time of your acceptance are in a CHESS Holding, you must comply with the ASTC Settlement Rules. To accept in accordance with those Rules, you must either:

- (a) instruct your Controlling Participant to initiate acceptance of this Offer under Rule 14.14 of the ASTC Settlement Rules, so as to be effective before the end of the Offer Period; or
- (b) complete and sign the Acceptance Form (in accordance with the instructions on the Form) and return it to the address specified in paragraph 4.4.3 of this Section before the end of the Offer Period. This will authorise Plantcorp to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf.

If you are a Broker or a Non-Broker Participant, you must yourself initiate acceptance of this Offer under Rule 14.14 of the ASTC Settlement Rules, so as to be effective before the end of the Offer Period.

4.2.2. To accept this Offer in respect of Vet Shares which at the time of your acceptance are on the issuer-sponsored sub-register, you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on the Form; and
- (b) ensure that the Acceptance Form, together with all other documents required by the instructions on it, are received at the address set out in paragraph 4.4 of this Section before the end of the Offer Period.

4.2.3. The return of the Acceptance Form by facsimile does not satisfy this requirement. If your Acceptance Form is returned by post, it will be deemed to have been received in time if the envelope in which it is sent is post-marked before the end of the Offer Period (even if it is received by Plantcorp after the end of the Offer Period).

4.2.4. You may only accept this Offer in respect of all (and not a portion only) of your Vet Shares.

4.2.5. You may only accept this Offer during the Offer Period.

4.3 How to accept this Offer in respect of your Vet Options

4.3.1. To accept this Offer in respect of Vet Options which at the time of your acceptance are in a CHESS Holding, you must comply with the ASTC Settlement Rules. To accept in accordance with those Rules, you must either:

- (a) instruct your Controlling Participant to initiate acceptance of this Offer under Rule 14.14 of the ASTC Settlement Rules, so as to be effective before the end of the Offer Period; or

- (b) complete and sign the Acceptance Form (in accordance with the instructions on the Form) and return it to the address specified in paragraph 4.4.3 of this Section before the end of the Offer Period. This will authorise Plantcorp to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf.

If you are a Broker or a Non-Broker Participant, you must yourself initiate acceptance of this Offer under Rule 14.14 of the ASTC Settlement Rules, so as to be effective before the end of the Offer Period.

4.3.2. To accept this Offer in respect of Vet Shares which at the time of your acceptance are on the issuer-sponsored sub-register, you must:

- (a) complete and sign the enclosed Acceptance Form in accordance with the instructions on the Form; and
- (b) ensure that the Acceptance Form, together with all other documents required by the instructions on it are received at the address set out in paragraph 4.4.3 of this Section before the end of the Offer Period.

4.3.3. The return of the Acceptance Form by facsimile does not satisfy this requirement. If your Acceptance Form is returned by post, it will be deemed to have been received in time if the envelope in which it is sent is post-marked before the end of the Offer Period (even if it is received by Plantcorp after the end of the Offer Period).

4.3.4. You may only accept this Offer in respect of all (and not a portion only) of your Vet Options in each Vet Option Class.

4.3.5. You may only accept this Offer during the Offer Period.

4.4 Acceptance Forms

4.4.1. This section refers to Acceptance Forms. There is an Acceptance Form for use in relation to the Offer to acquire Vet Shares, and a separate Acceptance Form for use in relation to the Offer to acquire Vet Options. That is, 2 Acceptance Forms are enclosed, an Acceptance Form for your Vet Shares and an Acceptance Form for your Vet Options.

4.4.2. An Acceptance Form forms part of the Offer. You must observe the instructions on the Acceptance Forms when accepting the Offer.

4.4.3. Unless you hold Vet Shares in a CHESS Holding and are directly instructing your Controlling Participant to initiate acceptance of this Offer, your completed Acceptance Form, together with all other documents required by the instructions of the Acceptance Forms, must be returned to:

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

or by mail

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

4.5 The effect of Acceptance of the Offer

4.5.1. By following the procedures described in paragraphs 4.2, or 4.3 of this Section, you will be deemed to have:

- (a) accepted this Offer in respect of all of the Vet Shares and/or Vet Options (as the case may be) registered in your name, regardless of the number of Vet Shares and/or Vet Options specified in the Acceptance Form(s) (subject however to paragraph 4.1.3 of this Section);
- (b) subject to all of the conditions of the Offer being satisfied or Plantcorp declaring the offer free of all such conditions, agreed to transfer, or consent to the transfer in accordance with the ASTC Settlement Rules of, your Vet Shares and/or Vet Options (as the case may be) to Plantcorp;
- (c) authorised Plantcorp to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
 - (i) to make the Acceptance Form an effective acceptance of this Offer; and/or
 - (ii) to enable registration of the transfer to Plantcorp of your Vet Shares and/or Vet Options (as the case may be);
- (d) irrevocably authorised and directed Vet to pay to Plantcorp or to account to Plantcorp for all dividends and other distributions and entitlements which are declared, paid or made or which arise or accrue after the date of this Statement in respect of the Vet Shares and/or Vet Options (as the case may be) which Plantcorp acquires pursuant to this Offer (subject, if your acceptance of this Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void, to Plantcorp accounting to you for any such dividends, distributions and entitlements received by it);
- (e) represented and warranted to Plantcorp that your Vet Shares will at the time of acceptance of this Offer and at the time of their transfer to Plantcorp be fully paid up and that Plantcorp will acquire good title to and beneficial ownership of all of your Vet Shares and/or Vet Options (as the case may be) free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
- (f) appointed Plantcorp or any nominee of Plantcorp as your agent and attorney to exercise all the powers and rights attaching to your Vet Shares and/or Vet Options (as the case may be) including to requisition, convene, attend, and vote in respect of your Vet Shares at all general meetings of Vet held after your acceptance of this Offer, and have agreed not to revoke that appointment during the period (in this paragraph 4.5.1 referred to as the **Proxy Period**) between the date of your acceptance of this Offer and the earlier of:
 - (i) the date on which Plantcorp is registered as the holder of your Vet Shares;
 - (ii) the date on which your acceptance is validly withdrawn pursuant to Section 650E of the Corporations Act; or
 - (iii) the date on which the contract resulting from your acceptance becomes void under Section 650G of the Corporations Act;

- (g) agreed that in exercising the powers conferred by the power of attorney in paragraph 4.5.1(f) of this Section, Plantcorp or its nominee is entitled to act in the interests of Plantcorp;
- (h) agreed not to vote in respect of your Vet Shares (either in person or by proxy, attorney or representative) otherwise than pursuant to the power of attorney in paragraph 4.5.1(f) of this Section or pursuant to an exercise of the authority granted by paragraph 4.5.1(i) of this Section at any general meeting of Vet held during the Proxy Period;
- (i) authorised Plantcorp, as your agent and attorney, and in your name and on your behalf, to execute, at any time after your acceptance of this Offer, all forms, notices and instruments (including instruments appointing a nominee of Plantcorp as a proxy) in respect of your Vet Shares, and to have agreed not to revoke that authority during the Proxy Period;
- (j) if any of your Vet Shares and/or Vet Options (as the case may be) are in a CHESS Holding, irrevocably authorised Plantcorp to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of those Vet Shares and/or Vet Options in accordance with the ASTC Settlement Rules;
 - (ii) give any other instructions in relation to those Vet Shares and/or Vet Options to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
 - (iii) cause a message to be transmitted to ASTC in accordance with ASTC Settlement Rule 14.17.1 so as to transfer your Vet Shares and/or Vet Options to Plantcorp's Takeover Transferee Holding, with effect from the date that this Offer (or any contract resulting from acceptance of this Offer) is declared free from all conditions, or those conditions are satisfied. Plantcorp shall be so authorised even though at the time of such transfer it has not satisfied or paid the consideration due to you under this Offer;
 - (iv) authorised Plantcorp to issue, or cause the issue to you of, the Plantcorp Shares and/or Plantcorp Options you are entitled to receive under this Offer.
- (k) if ASX requires a Restriction Agreement to be entered into in relation to any Plantcorp Securities issued under the Offer, you appoint Plantcorp or any nominee of Plantcorp as your agent and attorney in your name and on behalf of you or under seal to execute and deliver (conditionally or unconditionally) and complete the Restriction Agreement and to:
 - (i) complete any blanks in the Restriction Agreement;
 - (ii) make any amendments or additions to the Restriction Agreement which Plantcorp considers appropriate;
 - (iii) execute any other instruments, provide any releases or waivers and do or perform any other act or thing which Plantcorp considers appropriate to do or perform in connection with the Restriction Agreement; and
 - (iv) do all things and acts necessary or incidental to the above as Plantcorp considers appropriate.

- 4.5.2. Except in relation to Vet Shares and/or Plantcorp Options in a CHESS Holding, Plantcorp may at any time in its absolute discretion:
- (a) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
 - (b) where you have satisfied the requirements for acceptance in respect of some only of your Vet Shares or Vet Options (as the case may be), treat the acceptance as a valid acceptance in respect of those Vet Shares or Vet Options (as the case may be).
- 4.5.3. In respect of any part of an acceptance treated by it as valid pursuant to paragraph 4.5.2 of this Section, Plantcorp will provide you with the relevant consideration in accordance with paragraphs 1.2.1 or 1.3.1 of this Section, and the exercise of Plantcorp's rights under this clause will be conclusively and only evidenced by its so doing. This paragraph is not a condition of the Offer.
- 4.5.4. If you accept this Offer, Plantcorp is entitled to all Rights in respect of your Vet Shares and/or Vet Options (as the case may be). Without prejudice to paragraph 4.5.1(d) of this Section, Plantcorp may require you to give it any documents necessary to vest title to those Rights in it. If you do not do so, or if you have received the benefit of those Rights before Plantcorp has sent the consideration to you, Plantcorp will be entitled to deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Plantcorp) of those Rights. If Plantcorp does not or cannot make such a deduction, you must pay this amount to Plantcorp.

5. FOREIGN SHAREHOLDERS

5.1 Sale of Plantcorp Securities

If you are a Foreign Securityholder, not being a resident of Australia, New Zealand, Hong Kong or the United Kingdom and you accept the Offer, Plantcorp will:

- (a) arrange for the allotment to a nominee approved by ASIC of the number of Plantcorp Securities to be issued in accordance with the Offer to which you and all other Foreign Securityholders would have been entitled but for this paragraph 5.1;
- (b) cause those Plantcorp Securities so allotted to be offered for sale within 21 days after the date of allotment in such manner, at such price and on such other terms and conditions as are determined by the nominee;
- (c) in respect of your Vet Shares, pay to you the amount ascertained in accordance with the formula:

$$\text{Net Proceeds of Sale} \quad \times \quad \frac{\text{IES}}{\text{TES}}$$

where:

Net Proceeds of Sale is the amount remaining after deducting from the proceeds of sale the expenses of the sale;

IES is the number of Plantcorp Shares which Plantcorp would otherwise be required to procure be issued to you; and

TES is the total number of Plantcorp Shares issued to the nominee under this paragraph 5.1.

- (d) in respect of your Vet Options, pay to you the amount ascertained in accordance with the formula:

$$\text{Net Proceeds of Sale} \quad \times \quad \frac{\text{IEW}}{\text{TEW}}$$

where:

Net Proceeds of Sale is the amount remaining after deducting from the proceeds of sale the expenses of the sale;

IES is the number of Plantcorp Options which Plantcorp would otherwise be required to procure be issued to you; and

TES is the total number of Plantcorp Options issued to the nominee under this paragraph 5.1.

- (e) in respect of your Vet Options, pay to you the amount ascertained in accordance with the formula:

$$\text{Net Proceeds of Sale} \quad \times \quad \frac{\text{IEW}}{\text{TEW}}$$

where:

Net Proceeds of Sale is the amount remaining after deducting from the proceeds of sale the expenses of the sale;

IES is the number of Plantcorp Options which Plantcorp would otherwise be required to procure be issued to you; and

TES is the total number of Plantcorp Options issued to the nominee under this paragraph 5.1.

- (f) Payment will be made to a Foreign Securityholder in Australian Dollars or, if this is unlawful, the currency of the country of residence of the Foreign Securityholder (as shown in the register of Vet Securityholders).

If you are a resident of New Zealand, Hong Kong or the United Kingdom, please refer to the Important Information section at the start of this Bidder's Statement

5.2 Banking Foreign Exchange Regulations

If at the time of acceptance of this Offer you are a party or a resident in, or a resident of, a place outside Australia to which:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (c) the Charter of the United Nations (Terrorism & Dealings with Assets) Regulations 2002 (Cth); or

- (d) the Iraq (Reconstruction & repeal of Sanctions) Regulations 2003 (Cth),

apply, you will not be entitled to receive any consideration for your Vet Securities until all requisite authorities or clearances of the Australian Prudential Regulatory Authority or the Australian Taxation Office have been obtained by Plantcorp. Plantcorp undertakes to make prompt application for all such authorities or clearances.

6. CONDITIONS OF THE OFFER

6.1 Conditions

The Offer, and any contract that results from acceptance of the Offer, are subject to the fulfilment of the defeating conditions set out below:

- (a) Vet / Plantcorp procuring an appropriate underwriting commitment in respect of the Capital Raising. ;
- (b) Plantcorp acquiring at least 90% of the Vet Shares and becoming able to proceed to compulsory acquisition of the remainder under the Corporations Act;
- (c) Plantcorp acquiring at least 50% of the Vet Options;
- (d) Plantcorp Shareholders approving at a Meeting to be held no later than when the offer under the Prospectus closes:
 - (i) a consolidation of Plantcorp Shares and Converting Preference Shares to either:
 - (A) If Plantcorp Shareholders approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,438,180 Plantcorp Shares;
 - (B) If Plantcorp Shareholders do not approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,302,664 Plantcorp Shares; *
 - (ii) the change of name of Plantcorp to “Vet Biotechnology Ltd” or similar; and
 - (iii) the adoption of a new constitution, to be tabled at the Meeting,
- (e) Plantcorp raising \$3.25 million by the issue of 16.25 million Plantcorp Shares at 20 cents each and a 1 for 1 Plantcorp Option pursuant to the Prospectus;
- (f) permission for admission to quotation of Plantcorp’s Securities being granted by ASX no later than 7 days after the end of the Offer Period; and
- (g) Existing Vet Officers replacing Existing Plantcorp Officers following the commencement of trading of Plantcorp’s Shares on ASX.

6.2 Nature and benefit of conditions

- 6.2.1. The conditions in paragraph 6.1 are conditions subsequent. Subject to Section 650G of the Corporations Act, the non-fulfilment of any of those conditions will not, until the end of the Offer Period, prevent a contract to sell your Vet Securities resulting from your acceptance of this Offer.

- 6.2.2. Subject to the provisions of the Corporations Act and to paragraph 6.2.4 of this Section, Plantcorp alone will be entitled to the benefit of the conditions in paragraph 6.1 of this Section and any breach or non-fulfilment thereof may be relied upon only by Plantcorp.
- 6.2.3. Plantcorp may declare the Offers free from any of the conditions in paragraph 6.1 of this Section in accordance with Section 650F of the Corporations Act.
- 6.2.4. The date for giving the notice required by Section 630(3) of the Corporations Act is 31 October 2005 (subject to extension in accordance with Section 630(2) of the Corporations Act if the Offer Period is extended pursuant to Section 650C).
- 6.2.5. Your acceptance or the contract resulting from your acceptance of this Offer is void if:
- (a) at the end of the Offer Period any condition in paragraph 6.1 is not fulfilled; and
 - (b) Plantcorp has not declared this Offer and any contract resulting from the acceptance of it free of that condition in accordance with section 650F of the Corporations Act.
- 6.2.6. This Offer and any contract that results from your acceptance of this Offer are subject to the condition set out in section 625(3) of the Corporations Act. If that condition is not fulfilled, any contract that results from your acceptance of this Offer will be automatically void.

7. WITHDRAWAL, VARIATION AND MISCELLANEOUS

7.1 Withdrawal

Plantcorp may withdraw this Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

7.2 Variation

Plantcorp may vary this Offer in accordance with Section 650D of the Corporations Act.

7.3 No brokerage, stamp duty or other costs

Vet will pay all brokerage, stamp duty and other costs payable on the transfer of your Vet Securities to it if you accept this Offer.

7.4 Governing law

This Offer and any contract that results from an acceptance of it are governed by the law in force in Western Australia.

J. TAX CONSIDERATIONS

1. INTRODUCTION

- 1.1.1. The following is a general overview of the principal Australian tax implications of accepting the Offer and exchanging Vet Securities for Plantcorp Securities. It is based on tax law and practice in effect at the date of this Bidder's Statement. It is not intended to be, and is not, an authoritative or complete analysis of the tax laws of Australia.
- 1.1.2. The Australian taxation implications for Vet Securityholders who accept the Offer depends on a variety of factors, including their taxation status and the nature of their holding of Vet Securities.
- 1.1.3. Each Vet Securityholder should take their own professional advice to ensure that they fully understand the taxation implications of accepting the Offer in the particular circumstances applying to them. The outline below is not exhaustive of all possible Australian taxation considerations that could apply to particular shareholders who may be subject to special tax rules. The taxation implications outlined below relate only to Vet Securityholders who are an individual and a resident of Australia for taxation purposes. Vet Securityholders who are not individuals resident in Australia for tax purposes should seek their own tax advice.
- 1.1.4. The outline reflects the current law as at the date of this Bidder's Statement, and does not take into account or anticipate changes in the law whether by legislation or judicial interpretation.
- 1.1.5. Subject to the above, the taxation implications for Vet Securityholders of accepting the Offer may be summarised in accordance with the following paragraphs of this Section.

2. RESIDENT INDIVIDUAL SECURITYHOLDERS – VET SHARES HELD FOR CAPITAL INVESTMENT

- 2.1.1. Vet Securityholders who hold their Vet Securities as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold shares on capital account for tax purposes. If so the tax implications for a Vet Securityholder accepting the Offer will be in accordance with the details set out in paragraphs 2, 3 and 5 of this Section J.
- 2.1.2. If you accept the Offer you will be treated as having disposed of your Vet Securities for tax purposes.
- 2.1.3. The resultant taxable gain or loss will be calculated as the difference between the amount you receive (the value of the Plantcorp Securities) and the cost base of your Vet Securities. This capital gain may be able to be discounted by 50% as described in paragraph 3 below. Ordinarily the cost base will be the total of the amount you paid for the Vet Securities plus your acquisition and disposal costs. If your Vet Securities were acquired at or before 11:45 am (EDST) on 21 September 1999, you may elect to index the cost base of the Vet Securities by the allowable quarterly indexation adjustments until the quarter ended 30 September 1999. Indexation of the cost base is ignored when calculating the amount of any capital loss. You may not choose to index the cost base if you choose to apply the 50% discount instead as described below.
- 2.1.4. Individual Vet Securities will be eligible to claim partial Capital Gains Tax Rollover relief upon the disposal of their Vet Securities to Plantcorp if the following conditions are satisfied:
 - (a) as a result of the Offer, Plantcorp becomes the owner of 80% or more of the Vet Shares on issue;

- (b) apart from the rollover, the Vet Securityholder would make a capital gain as a result of the exchange (ie rollover relief is not available if a capital loss would arise to a Vet Securityholder on the exchange of its Vet Securities for Plantcorp Securities); and
 - (c) the Vet Securityholder chooses to obtain the scrip for scrip rollover.
- 2.1.5. In these circumstances, Vet Securityholders will not pay tax on the value received from the Offer to the extent that it is received in the form of Plantcorp Securities.
- 2.1.6. Vet Securityholders who would otherwise realise a capital loss as a result of the Offer will not be eligible for scrip for scrip rollover relief. In these situations, the Vet Securityholder will incur a capital loss at the time the shares are exchanged. Scrip for scrip relief is also not available in circumstances where neither a capital gain nor capital loss arises.
- 3. RESIDENT INDIVIDUAL SECURITIES - SHARES HELD FOR CAPITAL INVESTMENT – 50% DISCOUNT**
- 3.1.1. Vet Securityholders who hold their Vet Securities on capital account, and where or to the extent that the scrip for scrip provisions do not apply (or where the shareholders do not elect for the scrip for scrip rollover provisions to apply), may be eligible for a 50% discount.
- 3.1.2. To be eligible for the 50% discount the Vet Securities in question must have been held for at least 12 months prior to accepting the Offer. No indexation is taken into account in calculating the net capital gain for these purposes. The 50% discount is taken into account after applying any available capital losses against the capital gain eligible for the discount.
- 3.1.3. For shares purchased on or before 11.45 am (EST) on 21 September 1999, a Vet Securityholder will have the option of either applying the discount discussed above or applying indexation to the Capital Gains Tax cost base of the relevant Vet Security. Under the indexation option, the Vet Securityholder would index the Capital Gains Tax cost base in the relevant Vet Security for movements in inflation between the date of acquisition of the Vet Security and 30 September 1999.
- 3.1.4. Vet Securityholders who hold Vet Securities acquired before 21 September 1999 should seek advice relevant to their own personal circumstances in considering the different outcomes under the discount and indexation options.
- 4. RESIDENT INDIVIDUAL SECURITYHOLDERS - SHARES HELD FOR TRADING PURPOSES**
- 4.1.1. Vet Securityholders who hold their Vet Securities as part of a share trading business or for some other routine commercial operation, or who acquired their Vet Securities with the dominant purpose of reselling them at a profit, are likely to be considered to hold their shares on revenue account for tax purposes.
- 4.1.2. Where this is the case, any gain realised on disposal of the Vet Securities will be assessed as ordinary income and the 50% discount, the indexation adjustment and scrip for scrip rollover relief described above will not apply.
- 5. TAX IMPLICATIONS ASSOCIATED WITH THE DISPOSAL OF PLANTCORP SECURITIES RECEIVED UNDER THE OFFER**
- 5.1.1. This paragraph is relevant to Vet Securityholders who hold their Vet Securities on capital account and who will continue to hold their replacement Plantcorp Securities on capital account. Where rollover relief is not available or chosen the cost base of the replacement Plantcorp Securities acquired as a result of accepting the Offer should in effect be equal to the market

value of the those replacement Plantcorp Securities plus any incidental cost of acquisition and disposal. Vet Securityholders entitled to rollover relief will have a cost base in their Plantcorp Shares determined under a formula that has regard to the cost base that the Vet Securityholder had in their original Vet Securities and the proportion of Vet Securities exchanged for the Plantcorp Securities (as opposed to the proportion of Vet Securities exchanged for cash).

- 5.1.2. The cost base attributed to the replacement Plantcorp Securities will be relevant in determining the capital gain or loss on the future disposal of these replacement interests.

K. INDEPENDENT EXPERT REPORTS

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Dr KL Hughes,
29 Munro St,
Indooroopilly, Qld, 4068

The Directors,
Plantcorp Limited,
Level 13, 221 St George's Terrace,
Perth, WA, 6000
Dear Directors,

Please find herewith my overview of *Rhodococcus equi*, the disease it causes in foals, and its treatment, control and prevention.

Pulmonary disease in foals due to *Rhodococcus equi*

What is *Rhodococcus equi*?

Rhodococcus equi [*R. equi*] is an environmental bacterium that is commonly found in soil where animals, especially herbivores, have grazed. While *R. equi* can survive in the absence of air [anaerobic] it multiplies only in the presence of oxygen. *R. equi* is capable of using simple organic acids found in fresh faeces and may multiply 100 thousandfold or more in dung voided ten days previously, and in neutral and alkaline soils contaminated with the faeces of horses and other herbivores.

How do foals get *Rhodococcus equi* infection?

Young foals commonly eat variable amounts of their dam's faeces [coprophagia] and have additional exposure to *R. equi* from inhaling potentially infective aerosols when playing and gamboling in dusty foaling paddocks and yards. The critical time for infection to become established is in the first three months of life, before weaning, when the gut changes from an environment which is more suitable to the multiplication of aerobic bacteria [e.g. *R. equi*] to a strictly anaerobic environment, in which *R. equi* can survive but not multiply. *R. equi* can be found in the faeces of healthy foals from one to two weeks of age increasing to a maximum at 8 to 10 weeks of age.

Why some foals develop clinical infection and others do not is unclear but it may be related to the immunological status of individual foals, to the virulence of the strains to which foals are exposed, to the magnitude of the dose of exposure, the management stresses on the studs or to combinations of these. Hence the risk of infection is more readily identifiable for individual studs than it is for individual foals. In foals after weaning and in adult horses, viable *R. equi* that are ingested in their natural environment on grass, feed and soil, pass through the gut without proliferating there and then multiply in faeces. Either way, fresh foal faeces and decaying adult horse faeces provide a continued potent and widespread source of exposure to *R. equi*.

How can infection be prevented?

Because of its environmental sources it is not possible to prevent foals being exposed to *R. equi*, nor to eradicate it, although some management practices such as collecting dung voided daily, from foaling yards, frequent harrowing of pasture and generally minimizing dust are of benefit. Some breeders try to do this but in many management systems minimizing exposure is difficult to achieve. Being fortunate to provide a contiguous mat of green pasture is advantageous.

How does *R. equi* affect foals and how is the disease diagnosed and treated?

In foals that succumb to infection, *R. equi* disease commonly occurs as pneumonia with local and dispersed abscesses in the lung [called pyo-granulomatous pneumonia and known by breeders as "rattles" -- fever, rapid breathing, coughing and abnormal lung sounds] and in the wall of the

intestine. Infection sometimes spreads to other organs via blood and lymphatics. Because of seasonal foaling patterns, *R. equi* disease is only seen in late spring and summer and is most prevalent on studs during warmer months when hot dry dusty conditions prevail during and after foaling. Onset of disease is insidious and unless it is treated in the very early stages [and with the most appropriate antibiotic therapy] most clinically affected foals will die. The most effective treatment is rifampin and erythromycin used in combination and with palliative therapy to manage side effects of the antibiotics, such as diarrhoea and mild colic, but the combined therapy is quite expensive and has to be administered for several weeks. These two antibiotics have the advantage that they can penetrate host defence cells [macrophages] and lung abscesses where *R. equi* can survive and multiply.

Treatment may need to be commenced by the veterinarian before laboratory confirmation has been obtained [i.e. treatment is started after a presumptive clinical diagnosis has been made, based on clinical signs often accompanied with radiological evidence of changes in the chest cavity that are consistent with *R. equi* infection]. A definitive diagnosis can be made by isolating *R. equi* from samples obtained by washing out the lower respiratory passages [tracheobronchial lavage], although inexperienced laboratories may overlook atypical morphology and characteristics of some isolates of *R. equi*, unless they resort to testing for specific enzymes.

Researchers have evaluated a number of other diagnostic tests but most are either nonspecific [e.g. full blood examination] or less sensitive than culture [e.g. indirect fluorescent antibody test], or others that remain to be validated; only serological tests show significant promise. Over the last twenty years, many attempts have been made to develop a satisfactory serological test to diagnose *R. equi* infection in foals and to study the spread of infection within studs. Until recently [refer below], most of these tests lacked specificity because they were based on complex antigens derived from whole bacterial cells or crude extracts of same, and the standardization and preparation of test antigens was tedious and not suited for commercial testing.

What is the economic importance of *R. equi* to the horse industry?

Clinical infection is most prevalent in regions such as Australia, North and South America, Japan and the Republic of South Africa, rather than in countries with persistent green pastures, e.g. Britain, the Republic of Eire and New Zealand. Little is known about the prevalence of infection in India, China and Russia. The infection rate varies between studs and between years, varying from only individual foals being affected on some studs to 20 percent of progeny being affected clinically on others. The expense of therapeutic drugs, veterinary attention, hospitalization and stud supervision of cases adds significant cost to the management of affected foals. Because veterinary treatment is much more efficacious when given early in the disease, stud staff are required to exercise continuing vigilance for any signs of non-specific illness in the foal that might be precursors of *R. equi* disease. This in itself is a hidden overhead expense in preventing and managing infection in foals. There is also the matter of the uncertainty of the outcome of treatment. What has not yet been resolved, although there is interest in trying to obtain research information, is whether there is any long-lasting detrimental impact upon the athletic performance of racehorses that had infection with *R. equi* as foals and survived with treatment.

The economics of the thoroughbred and standardbred horse industries are not geared to withstand significant morbidity and mortality rates among foals and even the death of single well-bred foals of valuable brood mares can be a devastating financial and emotional loss, so the prospect of developing a vaccine to reduce the risk of *R. equi* infection is attractive, as is the development of a quick and reliable specific and sensitive serological test that will rapidly identify early cases to enable treatment to be begun quickly, and aid to monitor the progress of disease and effectiveness of treatment.

Crude vaccines have been tried experimentally but none has gained commercial or industrial acceptance because of inadequate specificity, technical difficulties in production and adverse reactions when injected into horses. In the absence of competing products there is a national

and international marketing opportunity for an effective new generation vaccine against *R. equi* that can meet three Research and Development hurdles – be highly efficacious, be [relatively] inexpensive to produce and be non-toxic nor irritant to horses.

What are the prospects for developing and commercializing improved serological tests to detect *R. equi* infection?

The impetus for improved serological tests and the development of potential vaccines has come from a concerted effort to identify intrinsic bacterial factors that enable some isolates of *R. equi* to be more pathogenic than others. Important virulence factors identified have been plasmid encoded virulence-associated proteins (Vap) of which VapA is the most studied but there are undoubtedly other virulence genes or factors that have not yet been identified, some of which may act in concert with VapA to express their pathogenic effects.

Enzyme-linked immunosorbent assays (ELISA) based on whole cells or extracts of same have been used with variable success to identify infected foals, but, as noted above, their limitation is based to some degree by the complexity of their antigens and is compounded by the technical complexity of antigenic extraction. The use of an ELISA test developed at the University of South Australia, based on a defined linear epitope of the VapA protein of *R. equi* which is more readily extracted and standardized gives considerable promise but further work is necessary for the test to reach commercialization.

Using known infected foals from several studs [including foals that had recovered from disease] and non-infected foals from a stud with no recent disease, the VapA ELISA consistently clearly differentiated between infected and uninfected foals; there was little or no reactivity in ELISA tests with other peptides associated with the VapA protein. To launch the test commercially it would be necessary to show that the test was similarly effective in differentiating between infected and non-infected foals on studs where *R. equi* disease is endemic. The risk would be that the background titres in some horses could make interpretation difficult and the test would require further refinement to render it more specific without loss of sensitivity.

The prospect for development of new vaccines against *R. equi*

The development of a mouse model to study the pathogenesis of infection and the virulence of *R. equi* isolates was another technique that accelerated efforts to find new and improved vaccines, because it enabled artificially-induced immunity in mice to be challenged by a standard inoculation dose of virulent *R. equi*. Researchers at the University of South Australia have used this model to assess the immunizing capability of new generation vaccines and produced a number of promising candidate vaccines. Perhaps surprisingly the VapA DNA vaccine candidate was significantly inferior to a vaccine derived from a heat shock protein gene that the group constructed [referred to as GroEL 2]. The latter was chosen because similar DNA based candidate vaccines against other unrelated bacteria have been shown to produce systemic but not mucosal protection.

From the evidence obtained it was clear that the most promising of their experimental DNA vaccines [GroEL 2] elicited a strong delayed-type hypersensitivity and immunoglobulin response but did not clear the bacteria from the experimental mice. A successful vaccine will likely depend upon clearance of *R. equi* from tissue; however the extent to which newborn mice are able to mount an immune response to eliminate *R. equi* from tissue, while inducing a significant hypersensitivity response, has been questioned. While this appears a contradiction it seems likely that the existing mouse model is less than an ideal indicator of the natural disease process because, in challenge experiments, large numbers of *R. equi* bacilli have to be inoculated via an unnatural route [intravenously], and thus the model does not mimic natural exposure by inhalation or ingestion; whether the immunity that the vaccines elicit would be sufficient to counter infection by fewer organisms inhaled by foals warrants further investigation.

On the evidence provided by researchers, the production and validation of an efficacious commercial vaccine is going to depend upon being able to develop a different laboratory model either by adaptation of the current mouse model for aerosol exposure, or the use of other laboratory animals, such as guinea pigs. The strong delayed hypersensitivity and immunoglobulin response induced by the DNA vaccine offers encouragement that the product, with further development and refinement, offers potential commercial advantage.. In pointing out the need to develop a more relevant live animal model to assess the efficacy of the new vaccines, one risk may be that the only satisfactory experimental live animal model will be foals themselves, which will make it more costly and time-consuming than a laboratory animal model to evaluate the preferred candidate vaccine. The selection of one or more suitable adjuvants that augment clearance of *R. equi* from tissues and enhance hypersensitivity is also likely to be important in development of a commercial vaccine.



KL Hughes*

9 August 2005

*Disclosure : Emeritus Professor Hughes was formerly a senior lecturer and associate professor in the School of Veterinary Science at the University of Melbourne(1968-1990), and later, professor and head of the School of Veterinary Science at the University of Queensland(1990-2000). He has worked on many different infectious diseases of horses for up to 30 years, and has published on *R. equi*, some papers in conjunction with Professor M. D. Barton, who took her Ph.D. in 1981 under Dr Hughes supervision. Professor Hughes has not been associated with any of the recent work on the development of an ELISA test based on VapA antigens nor the research for experimental vaccines against *R. equi*, other than to be one of a panel assessing projects for equine research funding, and of the assessment of a thesis of one Ph.D. candidate from the University of South Australia that was presented to him for examination.



THE UNIVERSITY OF
MELBOURNE

The Directors
Plantcorp Ltd,
Level 13,
221 St George's Terrace,
Perth, WA, 6000.

Dear Directors,

Tendon and ligament injuries have been identified as major causes of wastage for the thoroughbred racing industry in Australia, New Zealand and around the world. This is also true for equine athletes competing in standardbred racing and sporthorse competitions including show-jumping, dressage, eventing and polo. It has been estimated that approximately 13% of equine athletes are expected to sustain a soft tissue injury which will require a period of rest from competition and training each year.

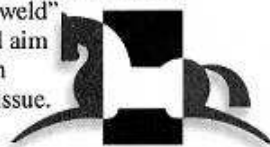
Horses at particular risk of tendon and ligament injury are those with increasing workloads such as racehorses training at or near racing speed in preparation for their first starts. Injuries at this stage of a horse's career are particularly frustrating because the horses athletic ability may not have been fully assessed and owners have to make a decision whether to proceed with an expensive treatment and extended recuperation period for a horse of unknown ability.

Degeneration that occurs as a result of ageing and wear and tear associated with training and racing is another risk factor for tendon and ligament injury. Studies in New Zealand have highlighted that the risk of tendon injury increases considerably as horses age. In this study horses aged 4 years of age were 6.76 times more likely to sustain superficial digital flexor tendon injury and 3.54 times more likely to sustain suspensory apparatus injury than 2-year-old horses. Statistics from Hong Kong show that approximately 20% of horses are retired annually because of tendon and ligament injuries. Many such horses have above average ability and have successful racing careers brought to a premature end. These horses also often have high public profiles. Owners are likely to invest in treatment regimens that provide an opportunity for these horses to return to full competition. However, owners will also usually consider the likelihood of success of the procedure and the time lost from the horse's limited competitive career time.

Tendons and ligaments have relatively low metabolic rates compared with other organs and tissues in the body. This is the reason that soft tissue injuries require lengthy periods of rest (up to a year or more in some cases) to heal and return to normal function. These periods of rest are expensive for owners as the horses must initially be confined and then undergo graduated increases in exercise based on the stage of healing of the injury. The prognosis for a return to full athletic ability is generally guarded depending on the severity of the initial injury. The risk of injury reoccurring is increased for horses such as thoroughbred racehorses which are required to undertake extreme exertion.

"Healed" ligament or tendon must retain both tensile strength and elasticity to be fully functional. Fibrous scar tissue may meet the first of these two criteria but not the second. The tissue "bond or weld" between damaged fibres is another potential weak point. Put most simply the potential and aim of stem cell therapy for treating tendon injuries is to replace the damaged cells with tendon cells bound seamlessly together maintaining the strength and elasticity of normal tendon tissue.

There are several basic principles which apply to treating tendon and ligament injuries.



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The initial treatment of these injuries should focus on controlling excessive inflammation and preventing further tendon damage associated with the swelling and compression of tissue, inflammation and further exercise. This acute phase of treatment involves:

- a. The administration of anti-inflammatory agents
- b. The use of cold therapy- ice packs and cold water hosing
- c. The application of bandages and the provision of support through shoe extensions where appropriate
- d. Stall rest. Hand walking can usually commence early in the treatment process as long as the injured tendon or ligament is not at risk of total rupture.

Despite some supportive literature opinion amongst clinicians varies as to the value of tendon splitting, a surgical procedure that can be used in the early stages following tendon injury to remove excessive blood and fluid from a lesion.

There is a range of additional treatment regimens available for horses once the initial acute inflammatory phase of the injury is addressed. These include:

a. Graduated exercise program with the increases in the intensity of exercise based on the stage of healing as assessed by ultrasound examinations. The importance of this strategy in the healing of soft tissue injuries cannot be over emphasized.

b. Surgical procedures. There are a number of surgical procedures which are widely used in the treatment of soft tissue injuries. One example being superior check ligament desmotomy which is a procedure recommended by some clinicians for injuries to the superficial digital flexor tendon (SDFT). The appearance of the SDF has been reported to improve in the short-term following this procedure, however, in the long-term horses receiving this treatment can have a 20% higher risk of re-injury compared with horses treated without surgery. This example highlights the importance of taking an "evidence based medicine" approach and performing long-term studies in assessing and implementing therapies for soft tissue injuries.

c. Growth factor therapy and B aminopropionitrile (BAPTEN). At present neither of these treatments appears to be gaining or maintaining widespread acceptance in clinical practice. Questions have been raised in the literature regarding the use of BAPTEN. Growth factor therapy has shown promising research results but involves the administration of small volumes of relatively expensive material on a small number of occasions.

d. Extracorporeal shockwave therapy (ESWT) is widely used and accepted within the equine industry for the treatment of a range of musculoskeletal injuries. The full potential of this technology to be used in its own right and possibly in conjunction with stem cell therapy for the treatment of soft tissue injuries remains to be assessed.

e. Hyperbaric chambers are being increasingly used to facilitate the healing of injuries to equine athletes in a similar way to which they are being used with human athletes. Full scientific validation of the benefits of the use of hyperbaric chambers to treat soft tissue injuries in horses remains to be carried out. Based on the primary principles of the use of hyperbaric chambers and initial clinical observations it appears possible that this technology will prove to be beneficial and that it may also be of value when used in conjunction with stem cell based therapies.

f. Autologous bone marrow transfer is a treatment which appears to be gaining acceptance in clinical practice and within the equine industry at present. An advantage of this technique is that the bone marrow can be collected and transferred on the one day as a single procedure. Bone marrow contains only small numbers of stem cells and other cells and constituents which may impact (positively or negatively) on the healing process. The long term benefits of this form of treatment remains to be established and compared with other approaches. These research results will be of particular interest for the veterinary profession.

g. Autologous stem cell implantation. Stem cell therapy is very topical in research, medical and veterinary fields at present. The potential usage of stem cells to "heal" damaged or diseased heart muscle, spinal cord, tendon, articular cartilage, corneas and lenses has raised excitement and expectations within the general public for future breakthroughs in the treatment of conditions ranging from myocardial infarcts to arthritis. "Stem cell therapies" have received widespread coverage across the media with a prominent article featuring the potential for stem cell therapies in the July 2005 issue of National Geographic.

The initial research results for the use of autologous stem cell implantation for the treatment of tendon injuries as described by Professor Smith shows this technology to have considerable potential for the treatment of soft tissue injuries in horses. It should be highlighted that this potential remains to be validated with further scientific studies which also need to address the long term outcomes of the therapy. This work is presently underway with larger numbers of case studies also being gathered.

It will also be important that the outcomes of autologous stem cell implantation be differentiated from those achieved with autologous bone marrow transfer. The latter procedure is less complicated with the full procedure being completed in one day whereas the former is a more complicated two day procedure using a patented technology. It should also be highlighted that while the implantation of purified stem alone may prove to be effective it does not ensure that the stem cells alone will differentiate into tendon cells and that the "bond or weld" established across the injured tissue will allow the horse to return to the full rigors of athletic competition. There are emerging molecular techniques which may be of benefit in addressing these issues while improving and upgrading the use of autologous stem cell implantation for soft tissue injuries and broadening the therapeutic options for conditions such as cartilage defects which also have considerable market potential.

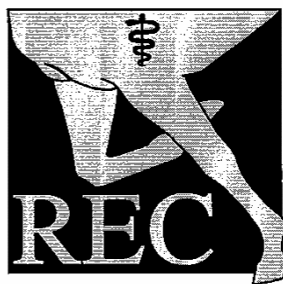
The present strategies for the implementation of the commercial use of autologous stem cell implantation are to be commended. A compulsory and comprehensive training is provided to veterinarians planning to use the technology. A structured program highlighting the importance of addressing the initial acute phase of treatment prior to the implantation of the stem cells and the use of a graduated exercise program after the implantation of the stem cells is provided to the veterinarians. It will be important that the use of this complete program approach be reinforced and updated as new knowledge becomes available. This new knowledge must be effectively distributed to the veterinary and broader equine industry communities to position Vet Biotechnologies as a knowledge/learning based organization within the market place.



Professor Andrew F. Clarke.
Chair of Equine Studies.

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20th June 2005

The Directors of Plantcorp Ltd
Plantcorp Ltd
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Dear Directors,

Report for Plantcorp Ltd

The prevalence of gastric ulceration in Thoroughbred racehorses in training is reported to be between 66 and 93%. The prevalence is known to increase to 80 to 100% as duration in training increases and horses commence racing. These reports described ulceration of the squamous portion of the gastric mucosa adjacent to the margo plicatus. The prevalence of ulceration of the antrum and pylorus was recently reported to be 58% in a North American study.

A recent Australian study in our clinic found gastric ulceration in 86% of 345 racehorses (331 Thoroughbreds and 14 Standardbreds). The pylorus was examined in 175 of the horses and 47% were ulcerated.

Thus with prevalence rates of this magnitude the potential economic impact of Equine Gastrointestinal Ulcer Syndrome (EGUS) is huge. The clinical signs of gastric ulceration are reduced appetite, mild to moderate weight loss and reduced performance. The financial burden to the industry is derived from wasted training costs, costs of diagnosis and treatment and loss of potential earnings due to performance limitations.

Currently diagnosis is achieved with endoscopic examination of the stomach. The squamous mucosa adjacent to the margo plicatus, pylorus and proximal duodenum can be visualised with a 3m endoscope in an adult horse after a 12 hour fast. The cost to the client is approximately \$250.00, including GST. Alternatively response to

treatment in a horse showing clinical signs, is used as a diagnostic test. Horses are treated for approximately 14 days (approximate cost \$150 - \$850 including GST, depending on drug used), and if clinical signs abate, a positive diagnosis is reached and treatment is continued. There is one publication regarding the use of urine sucrose concentration for the detection of gastric ulcers in horses. This procedure involved the naso-gastric intubation of sucrose followed by collection of urine at 2 and 4 hours after intubation. As collection of urine at specific time points, would require catheterisation, this limits the usefulness of this test in a clinical setting. They concluded however that sucrose permeability testing may provide a simple non-invasive test to detect and monitor gastric ulcers in horses.


The drugs used to treat gastric ulceration are histamine type 2 receptor antagonists, used three times daily and proton pump inhibitors, given once daily. The cost is approximately \$11 – 60/day to the client and horses are usually treated throughout their preparation. Lower doses of proton pump inhibitors are used as prophylaxis at approximately \$15 – 30/day. Other management strategies are continual access to feed in the stable to mimic constant grazing, or training the horses directly from the paddock, but this is obviously not feasible in urban areas.

The patent application describes seven experiments in rats and in humans clearly showing the usefulness of the Sucrose Breath Test (SBT) for assessing the state of the lining of the small intestine. The Summary Overview of the technology describes a Pilot Study in 30 horses where the SBT was assessed in horses with and without endoscopic detection of gastric ulceration. Statistical significance appears to be reached at 40 min after administration, as horses with ulcer scores of 1 or above had significantly lower cumulative DOB breath CO₂ excretion than normal horses with an ulcer score of 0.

The Summary Overview of the technology however contains some speculative and unfounded claims. The 3m endoscope allows us at present to view the proximal duodenum and with appropriate fasting a comprehensive view of the majority of the stomach in the adult horse can be achieved. The prevalence of gastric squamous and glandular mucosal ulceration has been reported repeatedly in the literature. Although more distal small intestinal ulceration cannot be easily detected with current diagnostics, it is not reported to be common in the adult horse in the literature and has not been shown to be highly prevalent in post mortem studies of adult horses. It would therefore be unlikely to have a greater impact and importance than gastric ulcers in adult horses. Duodenitis and duodenal ulceration are however seen in foals. Ulceration of glandular mucosa of the stomach is also more common in foals and is thought to be associated with non steroidal antiinflammatory drugs administration or hospitalisation stress, resulting in decreased prostaglandin production and decreased mucosal protective properties. Clusters of duodenal ulcer disease can also occur in foals, making an infectious etiology more likely than a peptic insult.

The SBT product appears to be a non-invasive breath test for the detection of equine gastric integrity, in particular the detection of gastric ulcers. The SBT is conducted by feeding the horse a set dose of selectively enriched ^{13}C sucrose. Enzymes in the small intestine normally digest sucrose to produce fructose and glucose, which are then absorbed into the blood. Fructose and glucose undergo glycolytic breakdown in the liver and a by-product of ^{13}C labelled carbon dioxide is produced and released in the breath. In horses with gastric ulceration there is an increased mucosal permeability for sucrose, and sucrose that appears in the blood cannot be processed and is excreted by the kidneys. The effect of sucrose loss from the digestive tract is reduced expiration of $^{13}\text{CO}_2$ in the breath. If small intestinal ulceration were present, there would be reduced activity of the enzyme sucrase, resulting in less breakdown of sucrose to fructose and glucose, thus reducing the amount of fructose and glucose reaching the liver and reducing the expiration of $^{13}\text{CO}_2$ in the breath. Generalised and distal small intestinal damage should also be able to be differentiated from gastric ulceration by the pattern of $^{13}\text{CO}_2$ excretion in the breath over time.

The Breath Test Diagnostic appears to be a useful non-invasive diagnostic test for gastrointestinal ulceration in the horse. The major hurdle to be overcome for its use, in my opinion, is to change people's attitude to the use of test dosing. At the moment, this is a relatively cost effective means of diagnosis, being approximately \$150 for the cheaper therapeutic drug. This is however administered three times daily, preferably eight hourly, so convenience may also be an argument for using the SBT as a diagnostic test. If we can educate people back to seeking a diagnosis prior to spending money on treatment, and the diagnostic test is cost effective, I think the SBT potentially has a huge market. The test also has potential as a means of monitoring response to treatment and healing of gastric ulcers.



.....
 Leanne Begg BVSc DipVetClinStud MS MACVSc Dip ACVIM
 Equine Medicine Specialist

8 August 2005

The Directors

Plantcorp Limited
Level 13
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Dear Sirs

PATENT ATTORNEY'S REPORT FOR PLANTCORP LIMITED

We have been instructed by Plantcorp Limited to prepare a report for inclusion in a prospectus to be issued by Plantcorp Limited in relation to technologies licensed to Vet Biotechnology Ltd.

Phillips Ormonde & Fitzpatrick is a firm of patent and trade mark attorneys and we act as intellectual property advisors for Vet Biotechnology Ltd. The professional staff at Phillips Ormonde & Fitzpatrick are registered Australian patent attorneys, and have the appropriate technical qualifications to provide advice on patent matters to Vet Biotechnology Ltd.

A. Patents

What is a Patent?

A patent is a monopoly right granted by the relevant national Patent Office on behalf of the government of a country in return for publication and full disclosure of an invention. The monopoly right enables a patent owner to prevent third parties from exploiting the invention without its consent. The owner of a patent has exclusive rights to manufacture, import, use, keep, sell, offer for sale or otherwise exploit the products or processes protected by the patent in the countries where patent protection has been granted. A third party infringes the patent if it exploits the invention without consent of the owner.

Patents can be licensed by the owner of a patent to third parties, so that the licensee has the same right to exploit an invention. In the case of an exclusive license, the patent owner itself cannot exploit the licensed patent in a particular country where the patent owner has granted an exclusive license to another party in that country.

Patents have a limited term, usually 20 years, subject to the payment of maintenance or renewal fees, after which the patented invention is available for others to use without restriction. In many countries, including Europe and Australia, extensions to the period of patent protection may be obtained for pharmaceutical and veterinary products when delays are involved in obtaining regulatory approval for pharmaceutical and veterinary products covered by the patent. Extensions are available in the United States of America in similar circumstances.

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Phillips Ormonde &
Fitzpatrick Lawyers



Requirements for Patentability

The main requirements for patentability are that the invention must be novel and inventive at the time of lodging the patent application.

In order for an invention to be “novel”, the invention must be different to what has been published before the priority date, and the invention cannot previously have been made available to the public. For an invention to be “inventive”, the invention needs to be a significant advance over what was previously known before the priority date. The significant advance cannot be an obvious step to take.

In some regions and countries, such as Europe and Japan, methods of medical treatment or diagnosis affecting a human or animal body are not considered to be patentable. In New Zealand, methods of medical treatment or diagnosis affecting a human are not considered to be patentable, whereas methods of medical treatment or diagnosis affecting non-humans animals are patentable. Compounds and compositions that are made for treating particular medical conditions, or for use in such methods, may be patentable in all these countries if they meet the other requirements of patentability.

In Canada, methods of therapy involving humans or animals are not considered to be patentable, however methods of treating animals to derive an economic benefit, and methods of diagnosis, may be patentable. In the USA and Australia, methods of medical treatment and methods of diagnosis are considered to be patentable subject matter.

Procedure for obtaining patent protection in a range of countries

In most cases, patents are granted on a country-by-country basis.

The date of filing the first application in one country, which is referred to as the basic application, is known as the “priority date”. An international convention enables foreign patent applications to be filed within twelve months of the filing of the first basic application for an invention, and enables the foreign application to claim the priority date of the basic patent application as the foreign patent application filing date.

These foreign patent applications can be filed directly in the country or region of concern, or through an international system referred to as the Patent Co-operation Treaty (PCT). The PCT system has been adopted by approximately 127 countries. The effect of filing an international application is generally the same as filing individual patent applications in all of the countries designated in the international patent application. Within prescribed time limits, it is necessary to file national phase applications in all of the countries in which patent protection is to be sought. This may include some or all of the countries designated in the international application.

Potential limitation of patent protection

Even after a patent is granted, it is possible in most countries for third parties to challenge the validity of the patent. A successful challenge to the validity of the patent can result in the patent being revoked or narrowed in scope. Such action may take place in opposition proceedings before a Patent Office, or before a court.

B. Listing of patents licensed to Vet Biotechnology Ltd

Patent family covering the use of equine stem cell technology for treatment of tendon and ligament injury

Title: "Pharmaceutical kits comprising mesenchymal stem cells"

Current applicant: The Royal Veterinary College

Priority document: UK patent application 0220841.1 (filed 7 September 2002)
UK patent application 0226275.6 (filed 12 November 2002)

International patent application No. PCT/GB2003/003894

Filing date: 8 September 2003

This patent family encompasses the use of mesenchymal stem cells for re-implantation into horses for treating tendon and ligament injury.

The invention described in this patent family relates to a method of isolation and expansion of mesenchymal stem cells *in vitro* for reimplantation into patients for treating natural soft tissue skeletal injuries, such as injuries to tendon and ligaments. The invention described also relates to a composition of enriched mesenchymal stem cells suitable for treating natural soft tissue injuries, and the use of such a composition in the manufacture of a medicament for treating natural soft skeletal tissue injury.

The international application has recently been converted into separate national phase applications in Australia, Europe and the United States of America. A Canadian application may be filed by 7 March 2006.

The Australian and United States patent applications currently have claims directed to a method of treating a natural soft skeletal injury by administering to a patient a composition of enriched mesenchymal stem cells. These patent applications also currently have claims directed to the use of a composition of enriched mesenchymal stem cell in the manufacture of a medicament for treating a natural soft skeletal tissue injury, and a kit including a composition of enriched mesenchymal stem cells in liquid suspension and means for delivering the stem cells to a patient.

The European application currently has claims directed to the use of a composition of enriched mesenchymal stem cell in liquid suspension in the manufacture of a medicament for treating a natural tendon or ligament injury in a horse.

Status Summary

Country	Patent Application No.	Current Status	Expiry/Comments
Australia	2003263340	awaiting examination	8 September 2023
Europe*	03793917.0	awaiting examination	8 September 2023
United States	10/526,753	awaiting examination	8 September 2023

*This European patent application designates Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, The Republic of Ireland, Italy, Liechtenstein, Luxembourg, Monaco, The Netherlands, Portugal, Romania, Slovakia, Slovenia, Sweden, Spain, Switzerland, Turkey and the United Kingdom.

Patent family covering a vaccine and diagnostic for the management of Rhodococcus equi pneumonia in horses

Title: "Antigenic peptide fragments of VapA protein, and uses thereof"

Current applicants: University of South Australia
Medvet Science Pty. Ltd
Rural Industries Research and Development Corporation

Priority document: Australian provisional patent application PQ7120
(filed 27 April 2000)

International patent application No. PCT/AU01/00478

Filing date: 27 April 2001

This patent family encompasses methods for the diagnosis of the presence of *Rhodococcus equi* in horses and methods for vaccinating horses against *Rhodococcus equi*.

The invention described in this patent family relates to the identification of peptide fragments of the VapA protein that are capable of binding antibodies specific for *Rhodococcus equi* and the VapA protein. The invention described also relates to methods of diagnosing a vertebrate for the presence of *Rhodococcus equi* by use of a peptide fragment for specific immunogenic recognition of the VapA protein or by detecting VapA antigens using an antibody raised against a peptide fragment for specific immunogenic recognition of the VapA protein. The invention described also relates to methods of vaccinating a vertebrate against *Rhodococcus equi* by administering a peptide fragment of a region for specific immunogenic recognition of VapA, or by administering a nucleic acid sequence that encodes a peptide fragment of a region for specific immunogenic recognition of VapA, to a method of treating a vertebrate infected with *Rhodococcus equi* by administering a therapeutic agent capable of binding VapA protein, and a composition for vaccinating a vertebrate against *Rhodococcus equi* comprising a peptide fragment of a region for specific immunorecognition of VapA.

The international application has been converted into separate national phase applications in Australia, Canada, Europe, New Zealand and the United States of America. The New Zealand application has recently been accepted.

The Australian, Canadian and United States patent applications currently have claims directed to an isolated peptide fragment of VapA protein that binds antibodies specific for *Rhodococcus equi* and the VapA protein, claims to a polynucleotide encoding a peptide fragment of the VapA protein, and claims to a cell transformed with a recombinant plasmid that expresses a peptide fragment of VapA protein.

These applications also have claims directed to methods of diagnosing a vertebrate for the presence of *Rhodococcus equi* by detecting antibodies to VapA with the peptide fragment, or by detecting the presence of VapA antigens using antibodies raised against the peptide fragment, claims to a diagnostic kits containing one or more peptide fragments or one or more antibodies specific for one or more peptide fragments of VapA protein. These applications also have claims directed to methods of vaccinating a vertebrate against *Rhodococcus equi* by administering a peptide fragment of VapA, or by administering a nucleic acid sequence that encodes a peptide fragment of VapA, claims to a composition for vaccinating a vertebrate comprising at least one peptide fragment of VapA, claims to a method of treating a vertebrate infected with *Rhodococcus equi* by administering a therapeutic agent capable of binding VapA protein, and claims to a method of screening for compounds capable of binding at least one specific immunogenic recognition of VapA protein.

The European application currently has claims directed to an isolated peptide fragment specifically able to bind antibodies specific for an epitope of the VapA protein of *Rhodococcus equi*, claims to a method for *in vitro* diagnosing a vertebrate for *Rhodococcus equi* infection by contacting a sample of antibody containing fluid with a peptide capable of specifically binding an antibody directed to an epitope of the VapA protein, and claims to the use of an immogen containing a peptide specifically capable of binding an antibody directed to an antigenic determinant of the VapA protein for the manufacture of a medicament for the treatment of *Rhodococcus equi* infections.

The accepted New Zealand application has claims directed to an isolated peptide fragment of VapA protein that binds antibodies specific for *Rhodococcus equi* and the VapA protein, the peptide containing 5 or more amino acid residues identical or homologous to a specific 20 amino acid peptide of VapA, claims to a polynucleotide encoding the same peptide fragment of the VapA protein, and claims to a non-human cell transformed with a recombinant plasmid that expresses the same peptide fragment of VapA protein.

The New Zealand application also has claims directed to a method of diagnosing the presence of *Rhodococcus equi* in horses, goats, cattle or pigs by detecting antibodies to VapA with the peptide fragment or by detecting the presence of VapA antigens using antibodies raised against the peptide fragment, claims to a diagnostic kits containing one or more of the peptide fragments or one or more antibodies specific for one or more the peptide fragments of VapA protein. These applications also have claims directed to methods of vaccinating horses, cattle, pig and goats against *Rhodococcus equi* by administering the peptide fragment of VapA, or by administering a nucleic acid sequence that encodes the peptide fragment of VapA, claims to a composition for vaccinating a vertebrate comprising at least one of the peptide fragments of VapA, claims to a method of treating horses, cattle, pigs and goats infected with *Rhodococcus equi* by administering a therapeutic agent capable of binding VapA protein, and claims to a method of screening for compounds capable of binding at least one of the peptide fragments of the region for specific immunogenic recognition of VapA protein.

Status Summary

Country	Patent Application No.	Current Status	Expiry/Comments
Australia	2001252038	under examination	27 April 2021
Canada	2407068	awaiting examination	27 April 2021
Europe*	01925213.9	awaiting examination	27 April 2021
New Zealand	522191	application accepted	27 April 2021
United States	10/258,829	under examination	27 April 2021

*This European patent application designates Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, The Republic of Ireland, Italy, Liechtenstein, Luxembourg, Monaco, The Netherlands, Portugal, Sweden, Spain, Switzerland, Turkey and the United Kingdom.

Patent family covering the use of a breath test for diagnosis of equine gastric ulcer syndrome

Title: "Breath Test"

Current applicant: Women's and Children's Hospital

Priority document: Australian provisional patent application PR9344
(filed 7 December 2001)

International patent application No.: PCT/AU02/01666

Filing date: 9 December 2002

This patent family encompasses the use of a breath test assay for assessing damage to the lining of the small intestine of mammals.

The invention described in this patent family relates to a method of assessing damage to the brush border lining of the small intestine in a mammal or human by administering a labelled test substrate for an enzyme expressed in the brush border enterocytes. The enzyme converts the labelled substrate to labelled CO₂, which can then be detected and used to make an assessment of the damage to the lining of the small intestine.

The international application has been converted into separate national phase applications in Australia, Europe, New Zealand and the United States. A further application in Hong Kong has also been filed based on the European application.

The Australian, New Zealand and United States applications have claims directed to a method of assessing the state of the lining of the small intestine in a mammal or human by calculating the change in labelled carbon dioxide levels in breath samples before and after administration of labelled sucrose or maltose, and comparing the change in levels to a standard to make an assessment of the state of the lining. The European application has similar claims to a method of assessing the state of the lining of the small intestine in an animal.

Status Summary

Country	Patent Application No.	Current Status	Expiry/Comments
Australia ¹	2002347193	awaiting examination	9 December 2022
Europe ^{1*}	1466172	awaiting examination	9 December 2022
Hong Kong	05102922.4	awaiting examination of EU application	9 December 2022
New Zealand ¹	533347	awaiting examination	9 December 2022
Japan	2005-512054	awaiting examination	9 December 2022
United States	10/497,192	awaiting examination	9 December 2022

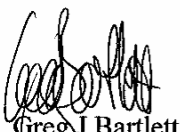
¹ The listed Applicant for these applications is Children, Youth and Women's Health Service Incorporated.

*This European patent application designates Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, The Republic of Ireland, Italy, Liechtenstein, Luxembourg, Monaco, The Netherlands, Portugal, Slovakia, Slovenia, Sweden, Spain, Switzerland, Turkey and the United Kingdom, and designates extension states Albania, Lithuania, Latvia, Macedonia, and Romania.

We have given our consent to the issue of this prospectus with this report appearing in the prospectus. We have been involved only in the preparation of this report and have not been involved in the preparation of any other part of this prospectus, and specifically disclaim liability to any person in respect of statements included elsewhere in this prospectus. We have not, other than set out above, been involved in the preparation of, or authorised or caused, the issue of this prospectus.

Yours faithfully

PHILLIPS ORMONDE & FITZPATRICK



Greg J Bartlett

(greg.bartlett@pof.com.au)

L. ADDITIONAL INFORMATION

1. MATERIAL CONTRACTS

1.1 Underwriting Agreement

It is a condition of the Offer that Vet and Plantcorp procure an appropriate underwriting commitment in respect of the Capital Raising. It is proposed that the Capital Raising will be underwritten by the Underwriter. An underwriting agreement has not been signed as at the date of the Bidder's Statement, and will not be signed until the Prospectus is acceptable to the Underwriter. The draft of the underwriting agreement as at the date of this Bidder's Statement contains the following principal provisions, although these may be varied in the final agreement:

- (a) the Capital Raising has been underwritten by the Underwriter;
- (b) the Underwriter is entitled to be reimbursed its reasonable out-of-pocket expenses in relation to the Capital Raising;
- (c) the Company has agreed to indemnify the Underwriter against all liabilities, costs and expenses it may incur because of the Prospectus or any representation or warranty contained in it and including any non-compliance with any terms contained in the underwriting agreement, non-compliance with any statutory requirement and any statement or other material made or published by the Underwriter with the Company's authority in relation to the Prospectus;
- (d) if one of a number of events occurs before the allotment of the Shares under the Capital Raising, the Underwriter may, without cost or liability, terminate the underwriting agreement and be relieved of its obligations under it by giving written notice to the Company. Those events are:
 - (i) the Ordinaries Index Number or the Dow Jones Industrial Average is at any time more than 20.0% below its level as at the close of business on the business day immediately preceding the date of the underwriting agreement;
 - (ii) a new circumstance arises after the lodgement of the Prospectus that would in the reasonable opinion of the Underwriter have been required by sections 710 or 711 of the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged;
 - (iii) the Company makes default under or is in breach of any of its material obligations under the underwriting agreement and following consultation between the Company and the Underwriter, that failure is not remedied within five Business Days afterwards;
 - (iv) any warranty or representation by the Company ceases to be true in any material respect and, following consultation between the Company and the Underwriter, the matters rendering the warranty untrue are not remedied within five Business Days afterwards;
 - (v) any material adverse change occurs in the financial position of the Company;
 - (vi) any director or officer of the Company named in the Prospectus dies or is charged with or convicted of an indictable offence;

- (vii) any material statement in the Prospectus is found to be or becomes misleading or deceptive or there is found to be a material omission from the Prospectus of material required by sections 710 or 711 of the Corporations Act;
- (viii) the adoption or announcement by or on the authority of the government of the Commonwealth of Australia of:
 - any future change in fiscal or monetary or taxation policy which would materially and adversely affect companies generally or the Company in particular or investment in stocks and shares in Australia including but not limited to any change which is likely to materially and adversely affect interest rates not already announced or anticipated as at the date of the agreement; or
 - any law or prospective law or other measure having the effect of restraining capital issues, corporate profits or foreign investment, and which, in either case, would materially and adversely affect the Offer;
- (ix) any person who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (x) any information supplied at any time by the Company (or any person on its behalf) to the Underwriter in respect of any aspect of the Capital Raising is or becomes false or misleading;
- (xi) any of the results of investigations of the Company or of any subsidiary conducted pursuant to the Company's due diligence program and verification material is or becomes false or misleading;
- (xii) any material contravention by the Company or an officer of any of them of any provision of the Corporations Act, or the ASX Listing Rules or any requirement of ASX or the ASIC or any governmental agency;
- (xii) a resolution is passed or an order made by a court of competent jurisdiction for the winding up of the Company, other than an order for the purpose of reconstruction or amalgamation made with the prior consent of the Underwriter;
- (xiii) a receiver or receiver and manager is appointed to all or any part of the assets or undertaking of the Company;
- (xiv) the Company enters into any scheme of arrangement with its creditors or any class of them or indicates its intentions to do so;
- (xv) the Company suspends payments of its debts or is unable to pay its debts within the meaning of the Corporations Act;
- (xvi) the Company is placed under official management or an official manager is appointed;
- (xvii) a provisional liquidator is appointed to the Company;
- (xviii) an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of the Company;
- (xix) the Company fails to furnish a certificate in accordance with the requirements of the underwriting agreement; or

- (xx) there is an outbreak of hostilities (whether or not war has been declared) not presently existing or a major escalation in existing hostilities occurs involving any one or more of the Commonwealth of Australia, the United Kingdom, the United States of America, the former Republic of the USSR, the European Union, the Peoples Republic of China, The Republic of the Philippines, Taiwan, Japan or Indonesia.

The occurrence of any event listed above will not entitle the Underwriter to terminate the underwriting agreement unless, in the opinion of the Underwriter reached in good faith and acting reasonably, the event has or could have a materially adverse effect on the success of the Capital Raising.

1.2 Agreement between Vet and Peter LeMessurier

On 9 September 2003, Vet entered into an agreement with Peter LeMessurier under which Vet agreed to pay Peter LeMessurier an overriding royalty of 1.8% of net sales of any Vet product. Peter LeMessurier has agreed to relinquish his rights and entitlements under that agreement on the condition that Plantcorp agrees to pay him or his nominee an overriding royalty of 1.8% of net sales of all Vet products resulting from the development of the technology to an invention known as Rhodococcus equi ELISA Diagnostic Assay.

2. INFORMATION CONCERNING VET SECURITIES

2.1 Plantcorp's relevant interest in Vet Securities

As far as Plantcorp is aware, as at close of trading on 11 August 2005, the day before the date of this Statement, Vet has the following securities on issue:

- (a) 11,513,092 Vet Shares;
- (b) 10,346,426 Vet Options.

As at the date of this Bidder's Statement, Plantcorp had no relevant interest in Vet Shares and no relevant interest in Vet Options.

There are no other classes of securities in Vet on issue at the date of this Offer.

2.2 Acquisitions of Vet Securities by Plantcorp and its associates during the last 4 months

Neither Plantcorp nor any associate of Plantcorp has provided, or agreed to provide, consideration for a Vet Security under a purchase or agreement during the four months before the date of this Statement.

2.3 Benefits offered to persons during the last 4 months

During the four months before the date of this Statement, neither Plantcorp nor any associate of Plantcorp gave or offered to give, or agreed to give, any benefit to another person which benefit was likely to induce the other person or an associate to accept an offer under the Bid or to dispose of Vet Securities.

3. DISCLOSURE OF INTERESTS AND BENEFITS

3.1 Plantcorp Directors' Interests

3.1.1. Other than as set out below or elsewhere in this Statement, no director or proposed director of the Plantcorp Group has, or had within 2 years before lodgement of this Statement with ASIC, any interest in:

- (a) the promotion or formation of Plantcorp;
- (b) any property acquired or proposed to be acquired by Plantcorp in connection with its promotion or formation; or
- (c) the issue of Plantcorp Securities contemplated by this document,

and other than as set out below no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any director of Plantcorp:

- (d) to induce him to become, or to qualify him as, a director; or
- (e) for services rendered by him in connection with the formation or promotion of Plantcorp or the issue of Plantcorp Securities contemplated by this Statement.

3.1.2. The interests of the Existing Plantcorp Directors in securities issued by Plantcorp as at the date of this Statement are as follows:

Directors	Plantcorp Shares	Plantcorp Options	Other securities
J D Shervington	6,833,333	-	-
A Rankine-Wilson	5,000,000	-	-
G Lambert	6,833,333	-	-

The Existing Plantcorp Directors have advanced the following sums to Plantcorp as New Convertible Loans, the terms of which are described above in paragraph 1.1 of Section D:

Directors	Amount	Number of Plantcorp Shares to be issued on Conversion
J D Shervington	\$20,500	6,833,333
A Rankine-Wilson	\$15,000	5,000,000
G Lambert	\$20,500	6,833,333

As described above in paragraph 1.1 of Section D, approval is being sought at the Meeting for the conversion of the New Convertible Loans to Plantcorp Shares and Plantcorp Options, and for the consolidation of the capital of Plantcorp. If the Resolutions are approved at the Meeting, the Existing Plantcorp Directors will hold interests in securities issued by Plantcorp as follows:

Directors	Plantcorp Shares	Plantcorp Options	Other securities
J D Shervington	1,138,880	500,000	-
A Rankine-Wilson	833,327	500,000	-
G Lambert	1,138,880	500,000	-

The terms of the Plantcorp Options to be issued to the Existing Plantcorp Directors if Plantcorp Shareholders approve the resolutions for the conversion of the New Convertible Loans at the Plantcorp meeting are the same as the terms of the Plantcorp Options to be issued under the Offer, as outlined in paragraph 4.2 of Section D of this Statement.

If the resolutions for the conversion of the New Convertible Loans are not approved, but shareholders approve the consolidation of the capital of Plantcorp at the Meeting, the Existing Plantcorp Directors will hold interests in securities issued by Plantcorp as follows:

Directors	Plantcorp Shares	Plantcorp Options	Other securities
J D Shervington	911,307	-	-
A Rankine-Wilson	666,811	-	-
G Lambert	911,307	-	-

3.1.3. During the last two financial years, the Existing Plantcorp Directors have not been remunerated as directors of Plantcorp. Under the terms of Plantcorp's constitution, Plantcorp indemnifies its officers, including the Existing Plantcorp Officers, against any liability:

- (a) for costs and expenses incurred by the officer in defending any proceedings in which judgment is in favour of the officer or the officer is acquitted; or
- (b) incurred by an officer, as an officer, to a third party, except for a liability which arises from conduct involving a lack of good faith.

3.1.4. Jeremy Shervington has acted as legal adviser to Plantcorp in relation to the Offer and the Capital Raising for which Plantcorp has agreed to pay fees based on agreed hourly rates. As at the date of this Bidder's Statement, Plantcorp has paid or agreed to pay \$22,000. Further amounts will be payable by Plantcorp for legal services provided in connection with the Offer and the Capital Raising, which will be based on agreed hourly rates. Jeremy Shervington has generally acted as legal adviser to Plantcorp and during the last 2 financial years, Plantcorp paid \$35,000 for the provision of legal services at commercial rates.

3.1.5. Plantcorp paid administration fees of \$351 to Grange Resources Limited during the financial year ended 30 June 2005 as a result of the provision of postage and stationary supplies to Plantcorp. Adam Rankine- Wilson was a director of Grange Resources Limited during the financial year ended 30 June 2005.

3.1.6. The Existing Vet Directors hold the following securities in Vet and will, if the Offer proceeds to Completion and if they accept the Offer, hold the following Plantcorp Securities:

Directors	Vet Shares	Vet Options	Plantcorp Shares	Plantcorp Options
D P LeMessurier	3,700,000	3,700,000	12,950,000	5,550,000
L Guthrie	500,000	500,000	1,750,000	750,000
P Mariani	605,000	535,000	2,117,500	802,500
P Kerr	500,000	500,000	1,750,000	750,000

- 3.1.7. The remuneration of the Proposed Directors, and any other non-executive director appointed to the Company from time to time, will not exceed \$250,000 per annum, subject to that sum being approved at a general meeting of the Company. Such remuneration may be a combination of a stated salary or fixed sum for each attendance at a director's meeting, but must not include a commission on, or a percentage of, operating revenue. Non-executive directors of the Company, including the Proposed Directors, may receive a share of the above amount, divided among them as the Directors decide, or in default, equally.

The Proposed Directors will be entitled to be reimbursed by the Company for travelling and other out-of-pocket expenses which are incurred in the course of conducting the Company's business.

If any Proposed Director performs extra or special services for the Company, the Company may pay the Proposed Director any special remuneration the Proposed Directors decide in addition to their normal remuneration.

- 3.1.8. Peter LeMessurier is a consultant to the Underwriter, Martin Place Securities and he receives a fee of up to \$7,500 per month.

- 3.1.9. Peter LeMessurier acted as a non-executive director of Plantcorp from 26 April 2000 until his resignation from the Board on 29 December 2004.

3.2 Interests of named persons

- 3.2.1. Other than as set out below or elsewhere in this Statement, no person named in this Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this document, promoter of Plantcorp, underwriter or financial services licensee named in the document as a financial services licensee involved in the offer of Plantcorp Securities referred to in this Statement has, or had within 2 years before lodgement of this Statement at ASIC, any interest in:

- (a) the formation or promotion of Plantcorp;
- (b) any property acquired or to be acquired by Plantcorp in connection with its formation or promotion; or
- (c) the issue of Plantcorp Securities contemplated by this document;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of Plantcorp or the issue of Plantcorp Shares contemplated by this Statement.

- 3.2.2. Professor K L Hughes has provided an Independent Expert Report to the Company in connection with the Bidder's Statement and the Prospectus. The Company has agreed to pay \$1,500 for this report. No further amounts are payable to Professor K L Hughes in relation to the Offer or the Capital Raising.

- 3.2.3. Professor Andrew Clarke has provided an Independent Expert Report to the Company in connection with the Bidder's Statement and the Prospectus. The Company has agreed to pay \$1,500 for this report. No further amounts are payable to Professor Andrew Clarke in relation to the Offer or the Capital Raising.

- 3.2.4. Dr Leanne Begg has provided an Independent Expert Report to the Company in connection with the Bidder's Statement and the Prospectus. The Company has agreed to pay \$1,500 for this report. No further amounts are payable to Dr Leanne Begg in relation to the Offer or the Capital Raising.

- 3.2.5. Martin Place Securities Limited will be paid in their role as underwriter to the Capital Raising:
- (a) a management fee of 1.5% of the total funds raised in the Capital Raising, including oversubscriptions;
 - (b) an underwriting commission of 7% of the underwritten amount of \$3,250,000; and
 - (c) a placement commission of 380,000 Plantcorp Shares and free attaching Plantcorp Options.
- 3.2.6. Phillips Ormonde Fitzpatrick have provided an Independent Patent Expert's Report for which they will receive a fee of \$2,050. No further amounts are payable to Phillips Ormonde Fitzpatrick in relation to the Offer or the Capital Raising.
- 3.2.7. Jeremy Shervington has acted as legal adviser to Plantcorp in relation to the Offer and the Capital Raising and his interests are disclosed above in paragraph 3.1.4 of this Section above, including his interests as a director of Plantcorp.

3.3 Due Diligence

As part of the negotiations leading to Plantcorp announcing its Offer, Plantcorp was given access by Vet and undertook due diligence in relation to certain information concerning Vet which has not been disclosed generally to Vet Securityholders. Plantcorp believes that the information provided was confirmatory of the information which was publicly available and none of such information is of such a nature and character that, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of Vet Securities.

The fact that Plantcorp has decided to make the Offer after a review of the information to which it had access may itself be regarded as information that is material to a decision whether or not to accept the Offer.

3.4 Modifications to and exemptions from the Corporations Act

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Plantcorp, in relation to the operation of Chapter 6 of the Corporations Act. Plantcorp has relied on this Class Order relief.

3.5 Consent

The following firms, companies and persons have given and, not withdrawn prior to the lodgement of this Bidder's Statement with ASIC, their written consent to being named in this document and to the inclusion of the following information in the form and context in which it is included. None of the following firms, companies and persons have caused or authorised the issue of this document or have in any way been involved in the making of the Offer:

- (a) Professor K L Hughes - to the inclusion in this Bidder's Statement of his expert's report;
- (b) Professor Andrew Clarke - to the inclusion in this Bidder's Statement of his expert's report;
- (c) Dr Leanne Begg - to the inclusion in this Bidder's Statement of her expert's report;
- (d) Phillips Ormonde Fitzpatrick - to the inclusion in this Bidder's Statement of their expert's report; and

- (e) the Proposed Directors - to being named in this document as a Proposed Director, and to the inclusion of statements made by them in their capacity as an Existing Vet Director, and as a Proposed Director, in the form and context in which the statements are included.

The following parties have given, and have not before the lodgment of this Statement with ASIC withdrawn, their written consent to being named in this Statement in the form and context in which their names appear but, other than where particularly specified in this Statement, have not made any statement which is included in this Statement or on which a statement included in this Statement is based:

- (a) Professor Mary Barton;
- (b) Dr David Tivey;
- (c) Martin Place Securities Limited;
- (d) Jeremy Shervington; and
- (e) Computershare Investor Services Pty Limited.

Each person named above as having given their consent to the inclusion of a statement or to being named in this Bidder's Statement:

- (f) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- (g) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to their name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that person.

This Bidder's Statement also includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or NSX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in the Bidder's Statement.

Plantcorp will provide free of charge, a copy of any of these documents to any person who requests a copy during the Offer Period. To obtain a copy of any of these documents during the Offer Period you may telephone 1300 557 146.

3.6 Expiry Date

No securities will be issued on the basis of this Statement after the date which is 13 months after the date of the Offer.

4. OTHER MATERIAL INFORMATION

There is no information which:

- (a) is material to the making of a decision by a holder of Vet Securities whether or not to accept the Offer (other than information which it would be unreasonable to expect

Plantcorp to disclose because the information had previously been disclosed to holders of Vet Securities); and

(b) is known to Plantcorp,

which is not set out elsewhere in this document.

5. CONSENT TO EARLY DISPATCH

The Vet directors have consented to the dispatch of this Bidder's Statement earlier than 14 days after it was given to Vet.

6. APPROVALS

The copy of this Bidder's Statement that is lodged with ASIC has been approved by a unanimous resolution passed by all of the directors of Plantcorp.

M. INTERPRETATION

1. DEFINITIONS

In this document, unless the context otherwise requires:

Acceptance means an acceptance of the Offer made by this document;

Acceptance Form means the Form of Acceptance and Transfer enclosed with, and forming part of, this document;

AIFRS means Australian equivalents of International Financial Reporting Standards;

APVMA means the Australian Pesticides and Veterinary Medicines Authority;

ASIC means the Australian Securities and Investments Commission;

ASTC means ASX Settlement and Transfer Corporation Pty Ltd CAN 008 504 532;

ASTC Settlement Rules means the operating rules of ASTC;

ASX means Australian Stock Exchange Limited ACN 008 624 691;

ASX Requirements means those of the requirements of the ASX Listing Rules (particularly Chapters 1 and 2) which (subject to any waivers that may be obtained) are required to be complied with in order for Completion to occur and for Plantcorp Shares and Plantcorp Options to be admitted to quotation on ASX;

ASX Restricted Securities has the meaning given to restricted securities in the ASX Listing Rules;

Bid means the off market takeover bid the subject of this Statement made by Plantcorp for the whole of the issued share capital of Vet and all the Vet Options issued by Vet;

Bid Securities means Plantcorp Shares and Plantcorp Options;

Black Scholes Valuation means a valuation of options (in Australia) or warrants (in Canada) under the Black Scholes method of valuing such securities;

Broker has the meaning given in the ASTC Settlement Rules;

Business Day means a day on which banks generally are open for the full range of banking business in Perth;

Capital Raising means the issue of up to 21,250,000 Plantcorp Shares and 21,250,000 free attaching Plantcorp Options to raise up to \$4,250,000 with a minimum subscription of \$3,250,000;

CHES stands for the Clearing House Electronic Subregister System and has the meaning given in the ASTC Settlement Rules.

CHES Holding means a holding of shares on the CHES Subregister;

CHESS Subregister has the meaning set out in the ASTC Settlement Rules;

Completion means completion of all aspects of the Bid and the Capital Raising;

Controlling Participant means in relation to Vet Shares in a CHESS Holding, the Broker or Non-Broker Participant with whom the holder has a sponsorship agreement (as defined in the ASTC Settlement Rules);

Convertible Preference Shares means the convertible preference shares issued by Plantcorp pursuant to a prospectus dated 28 September 2000 for the issue of 30,000,000 converting preference shares at 20 cents per share with an option for one Plantcorp Share for every converting preference share issued.

Corporations Act means the Corporations Act 2001 (Cth);

EGUS means Equine Gastric Ulcer Syndrome;

EST means Australian Eastern Standard Time.

Existing Plantcorp Directors means Jeremy Shervington, Adam Rankine-Wilson and Geoff Lambert;

Existing Plantcorp Officers means the Existing Plantcorp Directors and the company secretary of Plantcorp;

Existing Plantcorp Shareholders means a holder of Plantcorp Shares as at the date of this Bidder's Statement;

Existing Vet Directors means Peter LeMessurier, Luisa Guthrie, Paul Mariani and Paul Kerr;

Existing Vet Officers means the Existing Vet Directors and the company secretary of Vet;

Foreign Securityholder means a Vet Securityholder who, according to the Vet register of members, is resident outside Australia and is not resident in New Zealand, Hong Kong or the United Kingdom;

Government Agency means:

- (a) a government or government department or other body;
- (b) a governmental, semi-governmental or judicial person; or
- (c) a person (whether autonomous or not) who is charged with the administration of a law;

IMVS means the Institute of Medical and Veterinary Science;

Independent Directors means the independent directors of Vet, namely Luisa Guthrie, Paul Mariani and Paul Kerr;

Issuer Sponsored Holding has the meaning given in the ASTC Settlement Rules.

Kennedy Options means the Plantcorp Options issued to R M Kennedy on 28 May 2004 with an exercise price of 0.5 cents each and an expiry date of 28 May 2008;

Medvet means Medvet Science Pty Ltd;

Meeting means a general meeting of Plantcorp shareholders to consider the Resolutions;

Merged Entity means Plantcorp and Vet.

New Convertible Loans means the unsecured convertible loans of \$103,500 made to Plantcorp during the financial year to 30 June 2005, the terms of which are described in paragraph 1.1 of Section D;

Non-Broker Participant has the meaning set out in the ASTC Settlement Rules;

NSX means the Stock Exchange of Newcastle, NSX Limited ACN 000 902 063;

NSX Restricted Securities has the meaning given to restricted securities in the NSX Listing Rules;

Offer or **Takeover Offer** or **Plantcorp's Offer** means the offer to acquire Vet Securities on the terms and conditions contained in Section I of this Statement, and **Offers** or **Takeover Offers** means like offers sent or to be sent to the holders of Vet Securities (or persons entitled to receive those offers pursuant to the Corporations Act);

Offer Period means the period during which the Offers will remain open for acceptance;

Officer Options means 2 million Plantcorp Options to be issued following the Meeting to the Existing Plantcorp Officers as follows:

- 500,000 Plantcorp Options to Jeremy Shervington*;
- 500,000 Plantcorp Options to Adam Rankine-Wilson*;
- 500,000 Plantcorp Options to Geoff Lambert*; and
- 500,000 Plantcorp Options to Alec Pismiris*,

each with an exercise price of 20 cents each, an expiry date of 30 June 2011, and otherwise on the same terms and conditions applying to the Plantcorp Options to be issued under the Offer, as outlined in paragraph 4.2 of Section D;

- * If approval is not obtained at the Meeting for the issue of these Plantcorp Options to the Existing Plantcorp Officers, Plantcorp will not issue any Officer Options.

Official List means the official list of ASX;

Other Options means Plantcorp Options issued to persons applying for Convertible Preference Shares with an exercise price of 20 cents each and an expiry date of 31 December 2006;

Plantcorp or **Company** means Plantcorp Limited ACN 009 347 406;

Plantcorp Option means an option to subscribe for a Plantcorp Share;

Plantcorp Securities means a Plantcorp Share and a Plantcorp Option;

Plantcorp Share means an ordinary fully paid share in Plantcorp;

Proposed Directors means each of the Existing Vet Directors;

Prospectus means the prospectus for the Capital Raising;

Register Date means 12 August 2005;

Resolutions means the resolutions to be put to the Meeting for the approval of:

- (i) a consolidation of Plantcorp Shares and Converting Preference Shares to either:
 - (A) If Plantcorp Shareholders approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,438,180 Plantcorp Shares;
 - (B) If Plantcorp Shareholders do not approve of the conversion of the New Convertible Loans to 18,666,666 Plantcorp Shares and 1.5 million Plantcorp Options at the Meeting – 7,302,664 Plantcorp Shares; *
- (ii) the change of name of Plantcorp to “Vet Biotechnology Ltd” or similar; and
- (iii) the adoption of a new constitution, to be tabled at the Meeting;

Restriction Agreement means a restriction agreement to be entered into in relation to Plantcorp Securities as required by ASX;

Rights means all accretions to and rights attaching to the relevant share or relevant option (as the case may be) at or after the date of this document (including, but not limited to, in the case of shares, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Vet);

Statement or **Bidder's Statement** means the bidder's statement constituted by this document;

Success Fee Options means Plantcorp Options issued to South Pacific Securities Pty Ltd on 21 July 2004 with an exercise price of 20 cents each and an expiry date of 31 December 2006;

Takeover means the off-market bid constituted by the Offers;

Takeover Transferee Holdings has the meaning given in the ASTC Settlement Rules;

Vet means Vet Biotechnology Ltd ACN 105 577 017;

VetCell means VetCell Bioscience Ltd (UK);

Vet Option means an option to subscribe for a Plantcorp Share;

Vet Securities means a Vet Share and a Vet Option;

Vet Securityholder means a holder of Vet Shares or Vet Options;

Vet Shareholder means a holder of Vet Shares;

Vet Shares means issued fully paid ordinary shares in Vet;

VRS means Veterinary Research Synergies Pty Ltd;

WST means Australian Western Standard Time;

your Vet Options means, subject to paragraph 4.1.2 of Section G, the Vet Options in respect of which you are registered or entitled to be registered as holder in the register of optionholders of Vet at 3.00pm (EST) on the Register Date;

your Vet Shares means, subject to paragraph 4.1.2 of Section I, the Vet Shares in respect of which you are registered or entitled to be registered as holder in the register of members of Vet at 3.00pm (EST) on the Register Date;

2. RULES FOR INTERPRETATION

In this document, unless the context otherwise requires:

- (a) words and phrases which this Statement does not otherwise define, have the same meanings (if any) given to them in the Corporations Act;
- (b) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;
- (c) the singular includes the plural and vice versa;
- (d) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;
- (e) a reference to any gender includes all genders;
- (f) a reference to a clause, schedule or annexure is to a clause, schedule or annexure of or to this Statement;
- (g) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (h) a reference to "A dollars" or "A\$" is to Australian currency;
- (i) a reference to a time is to that time in Perth, Western Australia;
- (j) a reference to a period of time (including, but without limitation, a year, a quarter, a month and a day) is to a calendar period;
- (k) headings are for ease of reference only and do not affect the interpretation of this document; and
- (l) Annexures to this document form part of it.

DATED: 12 August 2005



Director – Jeremy Shervington

being a director of Plantcorp authorised to sign this Statement pursuant to a resolution passed unanimously by the directors of Plantcorp.