

Innovance Ltd
82 Fullarton Road, NORWOOD SA 5067
Tel +61 8 8130 2000 Fax: +61 8 8363 1980

24 October 2007

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to invite you to attend the Annual General Meeting of Innovance Limited to be held at the offices of HLB Mann Judd (SA) Pty Ltd 82 Fullarton Road, Norwood South Australia 5067 Friday 30 November 2007 at 11.00am.

If you are unable to attend the meeting in person, I encourage you to return the enclosed Proxy Form. The Proxy Form should be returned by post or faxed to the Company's Office or Share Registry so that it may be received by 7.00 pm on Wednesday 28 November 2007.

Yours sincerely,



DAVID BROOKES
CHAIRMAN

Encl.

Innovance Ltd
82 Fullarton Road, NORWOOD SA 5067
Tel +61 8 8130 2000 Fax: +61 8 8363 1980

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Innovance Limited will be held at the offices of HLB Mann Judd (SA) Pty Ltd, 82 Fullarton Road, Norwood South Australia 5067 on Friday 30 November 2007 at 11.00am.

Ordinary Business

To receive and consider the Financial Statements for the year ended 30 June 2007 and accompanying reports of the Directors and Auditor.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

- 1] **Adoption of the remuneration report**
"That the Company adopt the Remuneration Report for the year ended 30 June 2007 as set out in the Company's Annual Report."
- 2] **To consider the election of Dr David Brookes as a Director of the Company**
"That David Brookes, having retired automatically as a Director in accordance with clause 5.1 of the Company's Constitution, being eligible, and having offered himself for election, is elected as a Director with effect immediately following the conclusion of the meeting."
- 3] **To consider the election of Mr Stephens Evans as a Director of the Company**
"That Stephen Evans, having retired automatically as a Director in accordance with clause 5.1 of the Company's Constitution, being eligible, and having offered himself for election, is elected as a Director with effect immediately following the conclusion of the meeting."
- 4] **To consider the election of Mr Robert Greenslade as a Director of the Company**
"That Robert Greenslade, having retired automatically as a Director in accordance with clause 5.1 of the Company's Constitution, being eligible, and having offered himself for election, is elected as a Director with effect immediately following the conclusion of the meeting."
- 5] **Appointment of Auditor**
"That PKF Corporate (SA) Pty Ltd, of Level 2, 139 Frome Street Adelaide South Australia having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as auditor of the Company."

Special Business

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

- 6] **Approval of issue of Options to Mr Stephen Evans**
"That for the purpose of NSX Listing Rule 6.44 and all other purposes, and subject to Shareholders passing Resolution 3, approval be and is hereby given to the grant, allotment and issue by the Company of 300,000 Options to Mr Stephens Evans (or his nominee) on the terms and conditions set out in Annexure A to the Explanatory Notes that accompany the Notice of Meeting."

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting are incorporated in and comprise part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Notes.

Voting Exclusions

The Company will disregard any notes in respect of Resolutions 2, 3, 4 and 6 if they are cast by or on behalf of a person who is named in the relevant resolution or an associate of that named person.

However the Company need not disregard a note if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Company’s directors have determined that all Shares of the Company that are quoted on NSX as at 7.00pm on 28th November 2007 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Dated 24 October 2007

**BY ORDER OF THE BOARD
INNOVANCE LIMITED**



**DONALD STEPHENS
COMPANY SECRETARY**

Voting

A Proxy Form is enclosed with this Notice.

EXPLANATORY NOTES

Introduction

These Explanatory Notes set out information in connection with the business to be considered at the Annual General Meeting of shareholders to be held at the offices of HLB Mann Judd (SA) Pty Ltd 82 Fullarton Road Norwood South Australia 5067 on Friday 30 November 2007 at 11.00am.

These Explanatory Notes should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in these Explanatory Notes are either defined in the Glossary or elsewhere in these Explanatory Notes.

Resolution 1 : Adoption of Remuneration Report

The Annual Report for the year ended 30 June 2007 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Director, specified Executives and non-executive Directors. The report is set out in the Directors' Report section of the Annual Report.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and will not bind the Company or the Directors. However, the Board has determined that it will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Resolutions 2, 3 and 4: Election of Directors

Clause 5.1 of the Company's Constitution provides that the first Directors hold office until the termination of the first Annual General Meeting of the Company but are eligible for election at that meeting. If they resign before the first Annual General Meeting they may be replaced at a general meeting before the first Annual General Meeting, and their replacements hold office until the termination of the first Annual General Meeting. As this is the first Annual General Meeting of the Company, all Directors hold office until the termination of the first Annual General Meeting but are all eligible for, and have offered themselves for, re-election.

Resumes of the candidates for election to the office of Director are as follows:-

David Brookes M.B.B.S; F.A.C.R.R.M.

Non Executive Director/Chairman

David is a medical graduate of the University of Adelaide who had practiced as a rural general practitioner in the Northern Territory supervising regional paediatric services until 1995. He moved back to Adelaide with his family and practices in the Adelaide Hills. Since 1996 he has been a biotechnology analyst for Taylor Collison Limited in an informal capacity.

Stephen Evans BA(Acc),AU FAICD

Non Executive Director

Stephen Evans is the Managing Partner of a leading Adelaide based accounting firm, "RJC Evans & Co" which was established in 1920. Stephen has over 25 years experience in advising small, medium and large corporations in relation to tax, accounting, financial and business related matters. He is a member of the Taxation Institute of Australia, National Institute of Accountants and a Fellow of the Institute of Company Directors. He brings to the Board a wealth of experience in the accounting, financial and taxation fields. Stephen is a non-executive director of WCP Resources Limited and Uranoz Limited and the non-executive chairman of Chesser Resources Limited.

Robert Greenslade BA(Ec)
Non-Executive Director

Mr Greenslade is a founding director of Adelaide-based boutique investment bank Gryphon Partners Pty Limited specialising in resource transactions in the public and private sectors. Prior to 2002, Mr Greenslade was Group Executive Corporate for Normandy Mining Limited heading up the company's corporate division. Following the takeover of Normandy Mining Limited by Newmont Mining Corporation Inc, he was appointed Vice President of Newmont Capital Limited responsible for the Group's Australian and Asian Pacific corporate and business development activities. Mr Greenslade is also a non-executive director of Oaks Hotel and Resorts Limited.

The Directors (other than Mr Brookes) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

The Directors (other than Mr Evans) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

The Directors (other than Mr Greenslade) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.

Resolution 5: Appointment of Auditor

PKF Corporate (SA) Pty Ltd was appointed as the auditor of the Company in accordance with section 327A(1) of the Corporations Act. That appointment will lapse in accordance with section 327A(2) of the Corporations Act at the Company's Annual General Meeting. Section 327B(1) of the Corporations Act requires the appointment of an auditor at the Company's Annual General Meeting.

PKF Corporate (SA) Pty Ltd has been duly nominated for appointment as the Company's auditor, as required by section 328B of the Corporations Act. A copy of the nomination appears below. PKF Corporate (SA) Pty Limited has consented to the appointment.

The Directors do not have an interest in the outcome of Resolution 5 and recommend that shareholders vote in favour of the appointment of PKF Corporate (SA) Pty Ltd as auditor.

O'Loughlins Lawyers
Level 2
99 Frome Street
Adelaide SA 5000

10 October 2007

Mr Donald Stephens
Company Secretary
Innovance Ltd
82 Fullarton Road
NORWOOD SA 5067

Dear Sir,

INNOVANCE LTD – NOMINATION OF AUDITOR

In accordance with section 328B(1) of the Corporations Act 2001 (Cth), I Simon O'Loughlin, being a shareholder of Innovance Ltd (Company), hereby nominate PKF Corporate (SA) Pty Ltd for appointment as auditor of the Company.

Yours faithfully,



SIMON O'LOUGHLIN

Resolution 6 Approval of issue of Options to Mr Stephen Evans

On 31 May 2007, Stephen Evans became a Director of Innovance Ltd.

The Board has reviewed the market standard of remuneration for the position of a non-executive director, and considered it appropriate to issue the proposed number of options to Stephen Evans in order to retain his services and ensure that his remuneration is in line with market standards for the position of non-executive director of a public listed company. The Company has received external professional advice to the effect that the proposed grant of 300,000 options would constitute reasonable remuneration given the circumstances of the Company and Stephen Evans' circumstances.

Biographical details of Stephen Evans are set out above in the section dealing with Resolution 3.

Shareholder approval is required under NSX Listing Rule 6.44 because Stephen Evans is a director of the Company and, as such, is a related party of the Company.

Information regarding the proposed options grant is provided as follows:

- (a) Subject to shareholder approval, it is proposed that Stephen Evans (or his nominee) will be granted 300,000 options to subscribe for new Shares. It is considered appropriate to grant options to Stephen Evans as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the options given the small management team responsible for running the Company. It is considered the performance of Stephen Evans and the performance and value of the Company will be closely related. As such, the options to be granted will only be of benefit if Stephen Evans performs to the level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criteria are not warranted.

- (b) The breakdown of the options that Stephen Evans (or his nominee) will receive in accordance with Resolution 6 is highlighted in the following table:

Director	No. of Options	Exercise Price	Expiry Date	Value per Option	Total Value
Stephen Evans	300,000	\$0.10	5 years from date of grant	\$0.045*	\$ 13,500

* The actual value per option will depend upon the value of the underlying shares of the Company at the grant date. For the purposes of the valuation, the value of \$0.045 per share has been assumed.

- (c) No funds will be raised by the grant of the options to Stephen Evans (or his nominee) as they are being granted for no consideration.
- (d) Each option proposed to be granted to Stephen Evans (or his nominee) entitles Stephen Evans (or his nominee) to subscribe for one Share at the specified exercise price of \$0.10 per share exercisable during the period between the date of grant and the expiry of the period of five years from the date of grant. Shares issued on exercise of the options will rank equally in all respects with the existing Shares.
- (e) The options will not be quoted on NSX. Further terms and conditions of the options are set out in annexure A appearing at the end of these Explanatory Notes.
- (f) A valuation of the options has been conducted and this value included in paragraph (b). The valuation imputes a total value of the options to be issued to Stephen Evans (or his nominee) at \$13,500. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:
- (i) a volatility index of 40% based on the implied volatility of the Company's shares;
 - (ii) an assumed market value of \$0.10, being the volume weighted average price at which the Company's shares have traded on NSX over 30 trading days up to 19 October 2007;
 - (iii) for the purposes of the valuation it is assumed that the options will not be exercised any earlier than the expiration date; and
 - (iv) a risk free rate of 6.5% has been used.
- (g) The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options issued to Stephen Evans under Resolution 6 assuming that shareholders pass Resolution 6:

Current shares issued	16,571,833
Shares issued assuming exercise of all the options referred to in Resolution 6	300,000
Total shares	16,871,833
Dilution effect	1.81%

- (h) The market price of shares in the Company would normally determine whether or not Stephen Evans (or his nominee) will exercise the options. If the options are exercised at a price that is lower than the price at which shares are trading on NSX, there may be a perceived cost to the Company. The highest, lowest and last recorded market price of the shares quoted on NSX during the period from 9 February 2007 (being the date the Company's shares commenced trading on NSX) to 23 October 2007 (being the day immediately before the date this Notice) were:

Highest	\$ 0.10 on 9 February 2007
Lowest	\$ 0.10 on 9 February 2007
Last	\$ 0.10 on 23 October 2007

- (i) Stephen Evans does not currently receive any remuneration from the Company. He is however entitled to reimbursement of all reasonable travelling, accommodation and other expenses that he properly incurs in attending meetings of directors or any meetings of committees of directors, in attending meetings of shareholders or in connection with the business of the Company.
- (j) The current share and option holdings of Stephen Evans and his associates is as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Stephen Evans	-	200,000	-	-

- (k) The share and option holdings of Stephen Evans and his associates if this Resolution is passed will be as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Stephen Evans	-	200,000	300,000	-

- (l) The Directors (other than Stephen Evans) do not have an interest in the outcome of Resolution 6 and recommend that shareholders vote in favour of Resolution 6.
- (m) If Resolution 6 is passed, the options to be granted to Stephen Evans (or his nominee) will be granted not later than one month after the date of the meeting.

Glossary

“Board” means the board of directors of the Company;

“Company” means Innovance Limited ACN 117 330 757;

“Constitution” means the constitution of the Company;

“Corporations Act” means *Corporations Act 2001* (Cth);

“Director” means a director of the Company;

“Meeting” means the meeting of shareholders convened by the Notice;

“Notice” means the notice of Annual General Meeting to which these Explanatory Notes are attached;

“NSX” means National Stock Exchange Limited ABN 11 000 902 063;

“NSX Listing Rules” means the official listing rules of NSX; and

“Shares” means fully paid ordinary shares in the capital of the Company.

ANNEXURE “A”

Terms and Conditions of Options issued to Director

- The Option holder is entitled to be allotted one ordinary fully paid ordinary share in the Company for each Option exercised (subject to possible adjustments referred to below).
- The Options held by the Optionholder are exercisable in whole or in part at any time during the period of five years from the date of grant (“Exercise Period”). Options not exercised before the expiry of the Exercise Period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of \$0.10 (10 cents) per Option in cleared funds.
- The Company will not apply for official quotation on NSX of the Options. The Company will make application for official quotation on NSX of new Shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued Shares, and in particular new Shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
- Subject to any restriction agreement, options are freely transferable.
- An Optionholder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the NSX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying ordinary shares into which one option is exercisable;
- P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of NSX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with the NSX Listing Rules.