

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is given that the Annual General Meeting of Vet Biotechnology Limited will be held at Level 12, 280 George Street SYDNEY NSW 2000 on Friday 30 November at 9.00am.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy form. The completed Proxy Form must be received at the company's share registry or registered office of the Company, at least 48 hours before the commencement of the meeting.

An explanatory Statement is attached, members should read this in full.

Ordinary Business

1. Reports

To receive and consider the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 June 2007.

"The financial report and the reports of the Directors together with the report of the Auditors for the year ended 30 June 2007 be received and adopted."

2. Remuneration Policy

Shareholders are asked to adopt the Company's Remuneration Policy. The Remuneration Policy is set out on pages 8 to 9 of the 2007 Annual Report.

3. Re-Election and Election of Directors

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

- a. "That Mr. Alan Preston Beasley is hereby elected as a Director of the company"
- b. "That Mr. Michael Derin is hereby elected as a Director of the company"
- c. "That Mr Douglas Peter LeMessurier, being a Director who is retiring in accordance with the Company's Constitution and who is eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company"

4. Ratify prior issue of shares and options

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

"That the approval is given to ratify the prior issue of up to 2,380,632 shares and attaching free 1:1 options up to 2,380,632 options with an exercise price of 20 cents expiring 30 June 2013"

5. Auditor

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

- a. "The re-appointment of Duncan Dovico as auditor of the company be approved"
- b. "That the remuneration for audit services as determined by the auditor's schedule of fees is approved"

Voting by Proxy

- A member who is entitled to attend and cast a vote at the general meeting may appoint a proxy. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf. If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.
- A proxy need not be a member

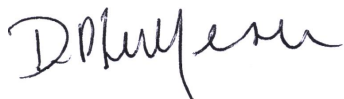
The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

Addresses:

by hand:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12
280 George Street
SYDNEY NSW 2000
Facsimile: (02) 9233-3176

by mail:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12, 280 George Street
SYDNEY NSW 2000

By Order of the Board



Mr Douglas Peter LeMessurier
Chairman
Sydney
1 November 2007

EXPLANATORY NOTES

The purpose of this Explanatory Note is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether to approve the resolutions detailed in the Notice.

Ordinary Business

RESOLUTION 1

Financial Accounts

The financial accounts for FY07 were sent out to members together with this Notice & Explanatory Statement on 2nd November 2007.

As required by section 317 of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report and the Independent Audit Report for the financial year ended 30 June 2007 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to questions about the reports.

The financial accounts were audited by Duncan Dovico.

RESOLUTION 2

Directors' Remuneration Policy

Shareholders are asked to adopt the Company's Remuneration Policy. The Remuneration Policy is set out on pages 8 to 9 of the 2007 Annual Report.

The vote on resolution 2 is advisory only, and does not bind the directors or the Company. Nevertheless, the discussion on this resolution and the outcome of the vote will be taken into consideration by the directors when considering the remuneration arrangements of the Company.

Recommendation: The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 3

Re-Election and Election of Directors

3 a) Mr Alan Beasley (BEC, FCIS, FAICD, CPA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Beasley is the founding Managing Director of Ascend Asset Management Limited (AAM) formed in 2005. AAM and its principals have assisted capital raising in excess of \$50m.

Mr Beasley has particular expertise in asset management and investment banking.

Mr Beasley is also a member of the compliance committee of an ASX listed hedge fund, and a Director of several Australian unlisted public and private investment companies, including two charitable foundations.

Recommendation: The Directors recommend that you vote in favour of Mr Beasley's election.

3 b) Mr Michael Derin (B.Bus, ACA, ACIS, ASIA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Michael Derin has over 14 years experience in the chartered accounting profession, boutique funds management and commercial IT industries in Australia.

Mr Derin is the founder and Managing Director of Azure Group Pty Ltd, a Chartered Accounting firm based in Sydney, specializing in Corporate Accounting, Advisory, Secretary, CFO and Taxation Services for small to medium sized companies.

Mr Derin brings his technical strengths and CFO expertise in financial control and process management, strategic planning, development and implementation, funds management and strong financial acumen.

Mr Derin is a Director and Company Secretary for several publicly listed and unlisted companies across biotechnology, consulting and financial service industries. Mr Derin is also a Resident Director for various private companies.

Recommendation: The Directors recommend that you vote in favour of Mr Derin's election.

3 c) That Mr Douglas Peter LeMessurier, being a Director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company.

Mr Douglas Peter LeMessurier has over 35 years sharebroking experience. He has previously held positions as State Manager of D&D Tolhurst Ltd, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

From 1985 to 1993, Peter was Director and Chair of LeMessurier Timber Co Pty Ltd, (Member of Audit Committee and Trustee of Superannuation Fund). Currently, Peter is the Chair of a number of companies including SDP Technology Ltd, Apomab Ltd and the recently listed LabTech Systems Ltd. Peter was a director of GTL Energy Ltd as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

Recommendation: The Directors recommend that you vote in favour of Mr LeMessurier's re-election.

RESOLUTION 4

Issue of Securities

Ratification of prior issue of Shares and Options

The Company has issued 1,729,514 ordinary shares (pre Bonus Issue) at an issue price of \$0.20 per share and 651,118 ordinary shares (post Bonus Issue) at an issue price of \$0.105 per share with attaching free 1:1 Options totaling 2,380,632 options. The Options are exercisable on or before 30 June 2013 at an exercise price of \$0.20 each as set out in the Summary of Option Terms below.

Please note that the Directors approved a 9:10 Bonus Issue on 8th May 2007 such that all Options held by shareholders at this point in time would be entitled to the 9:10 Bonus Issue when the option is exercised.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in NSX Listing Rule 6.25.

In effect, the rule requires that the approval of the holders of ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in NSX Listing Rule 6.25).

Explanatory Statement

NSX Listing Rule 6.25 states an issue of securities made without approval under NSX Listing Rule 6.25 is treated as having been made with approval for the purpose of NSX Listing Rule 6.25 if the issue did not breach NSX Listing Rule 6.25 (i.e. was within the 15% limit) and shareholders subsequently approve it.

The issue of the Shares under Resolution 4 did not breach NSX Listing Rule 6.25. In order to restore the Company's future 15% placement capacity, it is proposed the Shareholders ratify the issue of Shares. Ratification of that issue provides the Company with flexibility in capital management and allows the Company to raise further funds or make further acquisitions, if required.

Summary of Option Terms

A summary of the terms and conditions of Vet Biotechnology Limited's Options to be granted under resolution 4 is as follows:

- the Options expire at 5.00 pm Adelaide time on 30 June 2013. Any Option not exercised before that time automatically lapses;
- any portion of the total number of Options held may be exercised by the holder;
- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;
- subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.20 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;

- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company 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;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the 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;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have 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 shares;
- 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;
- if the issued capital of the Company 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;
- the Options do not give any right to participate in any dividends declared by the Company. Shares issued on the exercise of the Options rank equally for dividends with other shares;
- the number of shares issued on the exercise of 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;
- if there is a pro rata rights issue to shareholders in the Company 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:

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

Where

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of shares into which 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

A copy of the full terms of the Options plan is available to shareholders free of charge from the company secretary.

Recommendation: The Directors recommend that you vote in favour of the resolution to approve the issue of securities.

RESOLUTION 5

Re - Appointment of Auditor

5 a) In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of shareholders. Duncan Dovico Chartered Accountants have been auditor of the company for the 2007 financial year.

5 b) That the remuneration for audit services as determined by the auditors schedule of fees is approved

Recommendation: The Directors recommend that you vote in favour of re-appointing Duncan Dovico Chartered Accountants as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

Voting Exclusion Statement

In relation to resolution five the Company will disregard any votes cast by or on behalf of any person to whom it is known securities will be allotted, and their associates. However, the Company need not disregard a vote if:

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

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- c. "That Mr Douglas Peter LeMessurier, being a Director who is retiring in accordance with the Company's Constitution and who is eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company"

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Voting by Proxy

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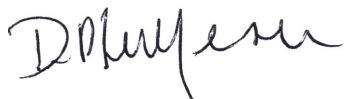
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By Order of the Board



Mr Douglas Peter LeMessurier
Chairman
Sydney
1 November 2007

EXPLANATORY NOTES

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Recommendation: The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 3

Re-Election and Election of Directors

3 a) Mr Alan Beasley (BEC, FCIS, FAICD, CPA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Beasley is the founding Managing Director of Ascend Asset Management Limited (AAM) formed in 2005. AAM and its principals have assisted capital raising in excess of \$50m.

Mr Beasley has particular expertise in asset management and investment banking.

Mr Beasley is also a member of the compliance committee of an ASX listed hedge fund, and a Director of several Australian unlisted public and private investment companies, including two charitable foundations.

Recommendation: The Directors recommend that you vote in favour of Mr Beasley's election.

3 b) Mr Michael Derin (B.Bus, ACA, ACIS, ASIA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Michael Derin has over 14 years experience in the chartered accounting profession, boutique funds management and commercial IT industries in Australia.

Mr Derin is the founder and Managing Director of Azure Group Pty Ltd, a Chartered Accounting firm based in Sydney, specializing in Corporate Accounting, Advisory, Secretary, CFO and Taxation Services for small to medium sized companies.

Mr Derin brings his technical strengths and CFO expertise in financial control and process management, strategic planning, development and implementation, funds management and strong financial acumen.

Mr Derin is a Director and Company Secretary for several publicly listed and unlisted companies across biotechnology, consulting and financial service industries. Mr Derin is also a Resident Director for various private companies.

Recommendation: The Directors recommend that you vote in favour of Mr Derin's election.

3 c) That Mr Douglas Peter LeMessurier, being a Director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company.

Mr Douglas Peter LeMessurier has over 35 years sharebroking experience. He has previously held positions as State Manager of D&D Tolhurst Ltd, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

From 1985 to 1993, Peter was Director and Chair of LeMessurier Timber Co Pty Ltd, (Member of Audit Committee and Trustee of Superannuation Fund). Currently, Peter is the Chair of a number of companies including SDP Technology Ltd, Apomab Ltd and the recently listed LabTech Systems Ltd. Peter was a director of GTL Energy Ltd as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

Recommendation: The Directors recommend that you vote in favour of Mr LeMessurier's re-election.

RESOLUTION 4

Issue of Securities

Ratification of prior issue of Shares and Options

The Company has issued 1,729,514 ordinary shares (pre Bonus Issue) at an issue price of \$0.20 per share and 651,118 ordinary shares (post Bonus Issue) at an issue price of \$0.105 per share with attaching free 1:1 Options totaling 2,380,632 options. The Options are exercisable on or before 30 June 2013 at an exercise price of \$0.20 each as set out in the Summary of Option Terms below.

Please note that the Directors approved a 9:10 Bonus Issue on 8th May 2007 such that all Options held by shareholders at this point in time would be entitled to the 9:10 Bonus Issue when the option is exercised.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in NSX Listing Rule 6.25.

In effect, the rule requires that the approval of the holders of ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in NSX Listing Rule 6.25).

Explanatory Statement

NSX Listing Rule 6.25 states an issue of securities made without approval under NSX Listing Rule 6.25 is treated as having been made with approval for the purpose of NSX Listing Rule 6.25 if the issue did not breach NSX Listing Rule 6.25 (i.e. was within the 15% limit) and shareholders subsequently approve it.

The issue of the Shares under Resolution 4 did not breach NSX Listing Rule 6.25. In order to restore the Company's future 15% placement capacity, it is proposed the Shareholders ratify the issue of Shares. Ratification of that issue provides the Company with flexibility in capital management and allows the Company to raise further funds or make further acquisitions, if required.

Summary of Option Terms

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- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;
- subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.20 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;

- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company 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;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the 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;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have 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 shares;
- 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;
- if the issued capital of the Company 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;
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- O' = the new exercise price of the Option
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A copy of the full terms of the Options plan is available to shareholders free of charge from the company secretary.

Recommendation: The Directors recommend that you vote in favour of the resolution to approve the issue of securities.

RESOLUTION 5

Re - Appointment of Auditor

5 a) In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of shareholders. Duncan Dovico Chartered Accountants have been auditor of the company for the 2007 financial year.

5 b) That the remuneration for audit services as determined by the auditors schedule of fees is approved

Recommendation: The Directors recommend that you vote in favour of re-appointing Duncan Dovico Chartered Accountants as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

Voting Exclusion Statement

In relation to resolution five the Company will disregard any votes cast by or on behalf of any person to whom it is known securities will be allotted, and their associates. However, the Company need not disregard a vote if:

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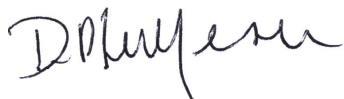
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EXPLANATORY NOTES

The purpose of this Explanatory Note is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether to approve the resolutions detailed in the Notice.

Ordinary Business

RESOLUTION 1

Financial Accounts

The financial accounts for FY07 were sent out to members together with this Notice & Explanatory Statement on 2nd November 2007.

As required by section 317 of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report and the Independent Audit Report for the financial year ended 30 June 2007 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to questions about the reports.

The financial accounts were audited by Duncan Dovico.

RESOLUTION 2

Directors' Remuneration Policy

Shareholders are asked to adopt the Company's Remuneration Policy. The Remuneration Policy is set out on pages 8 to 9 of the 2007 Annual Report.

The vote on resolution 2 is advisory only, and does not bind the directors or the Company. Nevertheless, the discussion on this resolution and the outcome of the vote will be taken into consideration by the directors when considering the remuneration arrangements of the Company.

Recommendation: The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 3

Re-Election and Election of Directors

3 a) Mr Alan Beasley (BEC, FCIS, FAICD, CPA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Beasley is the founding Managing Director of Ascend Asset Management Limited (AAM) formed in 2005. AAM and its principals have assisted capital raising in excess of \$50m.

Mr Beasley has particular expertise in asset management and investment banking.

Mr Beasley is also a member of the compliance committee of an ASX listed hedge fund, and a Director of several Australian unlisted public and private investment companies, including two charitable foundations.

Recommendation: The Directors recommend that you vote in favour of Mr Beasley's election.

3 b) Mr Michael Derin (B.Bus, ACA, ACIS, ASIA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Michael Derin has over 14 years experience in the chartered accounting profession, boutique funds management and commercial IT industries in Australia.

Mr Derin is the founder and Managing Director of Azure Group Pty Ltd, a Chartered Accounting firm based in Sydney, specializing in Corporate Accounting, Advisory, Secretary, CFO and Taxation Services for small to medium sized companies.

Mr Derin brings his technical strengths and CFO expertise in financial control and process management, strategic planning, development and implementation, funds management and strong financial acumen.

Mr Derin is a Director and Company Secretary for several publicly listed and unlisted companies across biotechnology, consulting and financial service industries. Mr Derin is also a Resident Director for various private companies.

Recommendation: The Directors recommend that you vote in favour of Mr Derin's election.

3 c) That Mr Douglas Peter LeMessurier, being a Director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company.

Mr Douglas Peter LeMessurier has over 35 years sharebroking experience. He has previously held positions as State Manager of D&D Tolhurst Ltd, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

From 1985 to 1993, Peter was Director and Chair of LeMessurier Timber Co Pty Ltd, (Member of Audit Committee and Trustee of Superannuation Fund). Currently, Peter is the Chair of a number of companies including SDP Technology Ltd, Apomab Ltd and the recently listed LabTech Systems Ltd. Peter was a director of GTL Energy Ltd as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

Recommendation: The Directors recommend that you vote in favour of Mr LeMessurier's re-election.

RESOLUTION 4

Issue of Securities

Ratification of prior issue of Shares and Options

The Company has issued 1,729,514 ordinary shares (pre Bonus Issue) at an issue price of \$0.20 per share and 651,118 ordinary shares (post Bonus Issue) at an issue price of \$0.105 per share with attaching free 1:1 Options totaling 2,380,632 options. The Options are exercisable on or before 30 June 2013 at an exercise price of \$0.20 each as set out in the Summary of Option Terms below.

Please note that the Directors approved a 9:10 Bonus Issue on 8th May 2007 such that all Options held by shareholders at this point in time would be entitled to the 9:10 Bonus Issue when the option is exercised.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in NSX Listing Rule 6.25.

In effect, the rule requires that the approval of the holders of ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in NSX Listing Rule 6.25).

Explanatory Statement

NSX Listing Rule 6.25 states an issue of securities made without approval under NSX Listing Rule 6.25 is treated as having been made with approval for the purpose of NSX Listing Rule 6.25 if the issue did not breach NSX Listing Rule 6.25 (i.e. was within the 15% limit) and shareholders subsequently approve it.

The issue of the Shares under Resolution 4 did not breach NSX Listing Rule 6.25. In order to restore the Company's future 15% placement capacity, it is proposed the Shareholders ratify the issue of Shares. Ratification of that issue provides the Company with flexibility in capital management and allows the Company to raise further funds or make further acquisitions, if required.

Summary of Option Terms

A summary of the terms and conditions of Vet Biotechnology Limited's Options to be granted under resolution 4 is as follows:

- the Options expire at 5.00 pm Adelaide time on 30 June 2013. Any Option not exercised before that time automatically lapses;
- any portion of the total number of Options held may be exercised by the holder;
- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;
- subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.20 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;

- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company 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;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the 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;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have 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 shares;
- 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;
- if the issued capital of the Company 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;
- the Options do not give any right to participate in any dividends declared by the Company. Shares issued on the exercise of the Options rank equally for dividends with other shares;
- the number of shares issued on the exercise of 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;
- if there is a pro rata rights issue to shareholders in the Company 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:

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

Where

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of shares into which 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

A copy of the full terms of the Options plan is available to shareholders free of charge from the company secretary.

Recommendation: The Directors recommend that you vote in favour of the resolution to approve the issue of securities.

RESOLUTION 5

Re - Appointment of Auditor

5 a) In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of shareholders. Duncan Dovico Chartered Accountants have been auditor of the company for the 2007 financial year.

5 b) That the remuneration for audit services as determined by the auditors schedule of fees is approved

Recommendation: The Directors recommend that you vote in favour of re-appointing Duncan Dovico Chartered Accountants as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

Voting Exclusion Statement

In relation to resolution five the Company will disregard any votes cast by or on behalf of any person to whom it is known securities will be allotted, and their associates. However, the Company need not disregard a vote if:

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

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is given that the Annual General Meeting of Vet Biotechnology Limited will be held at Level 12, 280 George Street SYDNEY NSW 2000 on Friday 30 November at 9.00am.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy form. The completed Proxy Form must be received at the company's share registry or registered office of the Company, at least 48 hours before the commencement of the meeting.

An explanatory Statement is attached, members should read this in full.

Ordinary Business

1. Reports

To receive and consider the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 June 2007.

"The financial report and the reports of the Directors together with the report of the Auditors for the year ended 30 June 2007 be received and adopted."

2. Remuneration Policy

Shareholders are asked to adopt the Company's Remuneration Policy. The Remuneration Policy is set out on pages 8 to 9 of the 2007 Annual Report.

3. Re-Election and Election of Directors

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

- a. "That Mr. Alan Preston Beasley is hereby elected as a Director of the company"
- b. "That Mr. Michael Derin is hereby elected as a Director of the company"
- c. "That Mr Douglas Peter LeMessurier, being a Director who is retiring in accordance with the Company's Constitution and who is eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company"

4. Ratify prior issue of shares and options

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

"That the approval is given to ratify the prior issue of up to 2,380,632 shares and attaching free 1:1 options up to 2,380,632 options with an exercise price of 20 cents expiring 30 June 2013"

5. Auditor

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

- a. "The re-appointment of Duncan Dovico as auditor of the company be approved"
- b. "That the remuneration for audit services as determined by the auditor's schedule of fees is approved"

Voting by Proxy

- A member who is entitled to attend and cast a vote at the general meeting may appoint a proxy. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf. If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.
- A proxy need not be a member

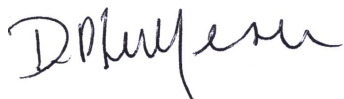
The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

Addresses:

by hand:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12
280 George Street
SYDNEY NSW 2000
Facsimile: (02) 9233-3176

by mail:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12, 280 George Street
SYDNEY NSW 2000

By Order of the Board



Mr Douglas Peter LeMessurier
Chairman
Sydney
1 November 2007

EXPLANATORY NOTES

The purpose of this Explanatory Note is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether to approve the resolutions detailed in the Notice.

Ordinary Business

RESOLUTION 1 **Financial Accounts**

The financial accounts for FY07 were sent out to members together with this Notice & Explanatory Statement on 2nd November 2007.

As required by section 317 of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report and the Independent Audit Report for the financial year ended 30 June 2007 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to questions about the reports.

The financial accounts were audited by Duncan Dovico.

RESOLUTION 2 **Directors' Remuneration Policy**

Shareholders are asked to adopt the Company's Remuneration Policy. The Remuneration Policy is set out on pages 8 to 9 of the 2007 Annual Report.

The vote on resolution 2 is advisory only, and does not bind the directors or the Company. Nevertheless, the discussion on this resolution and the outcome of the vote will be taken into consideration by the directors when considering the remuneration arrangements of the Company.

Recommendation: The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 3 **Re-Election and Election of Directors**

3 a) Mr Alan Beasley (BEC, FCIS, FAICD, CPA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Beasley is the founding Managing Director of Ascend Asset Management Limited (AAM) formed in 2005. AAM and its principals have assisted capital raising in excess of \$50m.

Mr Beasley has particular expertise in asset management and investment banking.

Mr Beasley is also a member of the compliance committee of an ASX listed hedge fund, and a Director of several Australian unlisted public and private investment companies, including two charitable foundations.

Recommendation: The Directors recommend that you vote in favour of Mr Beasley's election.

3 b) Mr Michael Derin (B.Bus, ACA, ACIS, ASIA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Michael Derin has over 14 years experience in the chartered accounting profession, boutique funds management and commercial IT industries in Australia.

Mr Derin is the founder and Managing Director of Azure Group Pty Ltd, a Chartered Accounting firm based in Sydney, specializing in Corporate Accounting, Advisory, Secretary, CFO and Taxation Services for small to medium sized companies.

Mr Derin brings his technical strengths and CFO expertise in financial control and process management, strategic planning, development and implementation, funds management and strong financial acumen.

Mr Derin is a Director and Company Secretary for several publicly listed and unlisted companies across biotechnology, consulting and financial service industries. Mr Derin is also a Resident Director for various private companies.

Recommendation: The Directors recommend that you vote in favour of Mr Derin's election.

3 c) That Mr Douglas Peter LeMessurier, being a Director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company.

Mr Douglas Peter LeMessurier has over 35 years sharebroking experience. He has previously held positions as State Manager of D&D Tolhurst Ltd, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

From 1985 to 1993, Peter was Director and Chair of LeMessurier Timber Co Pty Ltd, (Member of Audit Committee and Trustee of Superannuation Fund). Currently, Peter is the Chair of a number of companies including SDP Technology Ltd, Apomab Ltd and the recently listed LabTech Systems Ltd. Peter was a director of GTL Energy Ltd as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

Recommendation: The Directors recommend that you vote in favour of Mr LeMessurier's re-election.

RESOLUTION 4

Issue of Securities

Ratification of prior issue of Shares and Options

The Company has issued 1,729,514 ordinary shares (pre Bonus Issue) at an issue price of \$0.20 per share and 651,118 ordinary shares (post Bonus Issue) at an issue price of \$0.105 per share with attaching free 1:1 Options totaling 2,380,632 options. The Options are exercisable on or before 30 June 2013 at an exercise price of \$0.20 each as set out in the Summary of Option Terms below.

Please note that the Directors approved a 9:10 Bonus Issue on 8th May 2007 such that all Options held by shareholders at this point in time would be entitled to the 9:10 Bonus Issue when the option is exercised.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in NSX Listing Rule 6.25.

In effect, the rule requires that the approval of the holders of ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in NSX Listing Rule 6.25).

Explanatory Statement

NSX Listing Rule 6.25 states an issue of securities made without approval under NSX Listing Rule 6.25 is treated as having been made with approval for the purpose of NSX Listing Rule 6.25 if the issue did not breach NSX Listing Rule 6.25 (i.e. was within the 15% limit) and shareholders subsequently approve it.

The issue of the Shares under Resolution 4 did not breach NSX Listing Rule 6.25. In order to restore the Company's future 15% placement capacity, it is proposed the Shareholders ratify the issue of Shares. Ratification of that issue provides the Company with flexibility in capital management and allows the Company to raise further funds or make further acquisitions, if required.

Summary of Option Terms

A summary of the terms and conditions of Vet Biotechnology Limited's Options to be granted under resolution 4 is as follows:

- the Options expire at 5.00 pm Adelaide time on 30 June 2013. Any Option not exercised before that time automatically lapses;
- any portion of the total number of Options held may be exercised by the holder;
- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;
- subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.20 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;

- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company 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;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the 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;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have 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 shares;
- 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;
- if the issued capital of the Company 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;
- the Options do not give any right to participate in any dividends declared by the Company. Shares issued on the exercise of the Options rank equally for dividends with other shares;
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$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

Where

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of shares into which 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

A copy of the full terms of the Options plan is available to shareholders free of charge from the company secretary.

Recommendation: The Directors recommend that you vote in favour of the resolution to approve the issue of securities.

RESOLUTION 5

Re - Appointment of Auditor

5 a) In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of shareholders. Duncan Dovico Chartered Accountants have been auditor of the company for the 2007 financial year.

5 b) That the remuneration for audit services as determined by the auditors schedule of fees is approved

Recommendation: The Directors recommend that you vote in favour of re-appointing Duncan Dovico Chartered Accountants as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

Voting Exclusion Statement

In relation to resolution five the Company will disregard any votes cast by or on behalf of any person to whom it is known securities will be allotted, and their associates. However, the Company need not disregard a vote if:

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

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An explanatory Statement is attached, members should read this in full.

Ordinary Business

1. Reports

To receive and consider the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 June 2007.

"The financial report and the reports of the Directors together with the report of the Auditors for the year ended 30 June 2007 be received and adopted."

2. Remuneration Policy

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3. Re-Election and Election of Directors

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

- a. "That Mr. Alan Preston Beasley is hereby elected as a Director of the company"
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- c. "That Mr Douglas Peter LeMessurier, being a Director who is retiring in accordance with the Company's Constitution and who is eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company"

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Voting by Proxy

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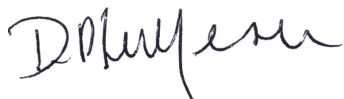
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Addresses:

by hand:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12
280 George Street
SYDNEY NSW 2000
Facsimile: (02) 9233-3176

by mail:
Vet Biotechnology Limited
C/-Azure Group Pty Ltd
Level 12, 280 George Street
SYDNEY NSW 2000

By Order of the Board



Mr Douglas Peter LeMessurier
Chairman
Sydney
1 November 2007

EXPLANATORY NOTES

The purpose of this Explanatory Note is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether to approve the resolutions detailed in the Notice.

Ordinary Business

RESOLUTION 1

Financial Accounts

The financial accounts for FY07 were sent out to members together with this Notice & Explanatory Statement on 2nd November 2007.

As required by section 317 of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report and the Independent Audit Report for the financial year ended 30 June 2007 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to questions about the reports.

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RESOLUTION 2

Directors' Remuneration Policy

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Recommendation: The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 3

Re-Election and Election of Directors

3 a) Mr Alan Beasley (BEC, FCIS, FAICD, CPA) was appointed by the board on 15 December 2006 pursuant to Section 201 (H) Corporations Act 2001.

Mr Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Beasley is the founding Managing Director of Ascend Asset Management Limited (AAM) formed in 2005. AAM and its principals have assisted capital raising in excess of \$50m.

Mr Beasley has particular expertise in asset management and investment banking.

Mr Beasley is also a member of the compliance committee of an ASX listed hedge fund, and a Director of several Australian unlisted public and private investment companies, including two charitable foundations.

Recommendation: The Directors recommend that you vote in favour of Mr Beasley's election.

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Mr Michael Derin has over 14 years experience in the chartered accounting profession, boutique funds management and commercial IT industries in Australia.

Mr Derin is the founder and Managing Director of Azure Group Pty Ltd, a Chartered Accounting firm based in Sydney, specializing in Corporate Accounting, Advisory, Secretary, CFO and Taxation Services for small to medium sized companies.

Mr Derin brings his technical strengths and CFO expertise in financial control and process management, strategic planning, development and implementation, funds management and strong financial acumen.

Mr Derin is a Director and Company Secretary for several publicly listed and unlisted companies across biotechnology, consulting and financial service industries. Mr Derin is also a Resident Director for various private companies.

Recommendation: The Directors recommend that you vote in favour of Mr Derin's election.

3 c) That Mr Douglas Peter LeMessurier, being a Director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the company, be re-elected a Director of the company.

Mr Douglas Peter LeMessurier has over 35 years sharebroking experience. He has previously held positions as State Manager of D&D Tolhurst Ltd, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

From 1985 to 1993, Peter was Director and Chair of LeMessurier Timber Co Pty Ltd, (Member of Audit Committee and Trustee of Superannuation Fund). Currently, Peter is the Chair of a number of companies including SDP Technology Ltd, Apomab Ltd and the recently listed LabTech Systems Ltd. Peter was a director of GTL Energy Ltd as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

Recommendation: The Directors recommend that you vote in favour of Mr LeMessurier's re-election.

RESOLUTION 4

Issue of Securities

Ratification of prior issue of Shares and Options

The Company has issued 1,729,514 ordinary shares (pre Bonus Issue) at an issue price of \$0.20 per share and 651,118 ordinary shares (post Bonus Issue) at an issue price of \$0.105 per share with attaching free 1:1 Options totaling 2,380,632 options. The Options are exercisable on or before 30 June 2013 at an exercise price of \$0.20 each as set out in the Summary of Option Terms below.

Please note that the Directors approved a 9:10 Bonus Issue on 8th May 2007 such that all Options held by shareholders at this point in time would be entitled to the 9:10 Bonus Issue when the option is exercised.

NSX Listing Rule 6.25

NSX Listing Rule 6.25 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in NSX Listing Rule 6.25.

In effect, the rule requires that the approval of the holders of ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in NSX Listing Rule 6.25).

Explanatory Statement

NSX Listing Rule 6.25 states an issue of securities made without approval under NSX Listing Rule 6.25 is treated as having been made with approval for the purpose of NSX Listing Rule 6.25 if the issue did not breach NSX Listing Rule 6.25 (i.e. was within the 15% limit) and shareholders subsequently approve it.

The issue of the Shares under Resolution 4 did not breach NSX Listing Rule 6.25. In order to restore the Company's future 15% placement capacity, it is proposed the Shareholders ratify the issue of Shares. Ratification of that issue provides the Company with flexibility in capital management and allows the Company to raise further funds or make further acquisitions, if required.

Summary of Option Terms

A summary of the terms and conditions of Vet Biotechnology Limited's Options to be granted under resolution 4 is as follows:

- the Options expire at 5.00 pm Adelaide time on 30 June 2013. Any Option not exercised before that time automatically lapses;
- any portion of the total number of Options held may be exercised by the holder;
- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;
- subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.20 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;

- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company 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;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the 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;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have 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 shares;
- 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;
- if the issued capital of the Company 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;
- the Options do not give any right to participate in any dividends declared by the Company. Shares issued on the exercise of the Options rank equally for dividends with other shares;
- the number of shares issued on the exercise of 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;
- if there is a pro rata rights issue to shareholders in the Company 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:

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

Where

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of shares into which 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

A copy of the full terms of the Options plan is available to shareholders free of charge from the company secretary.

Recommendation: The Directors recommend that you vote in favour of the resolution to approve the issue of securities.

RESOLUTION 5

Re - Appointment of Auditor

5 a) In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of shareholders. Duncan Dovico Chartered Accountants have been auditor of the company for the 2007 financial year.

5 b) That the remuneration for audit services as determined by the auditors schedule of fees is approved

Recommendation: The Directors recommend that you vote in favour of re-appointing Duncan Dovico Chartered Accountants as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

Voting Exclusion Statement

In relation to resolution five the Company will disregard any votes cast by or on behalf of any person to whom it is known securities will be allotted, and their associates. However, the Company need not disregard a vote if:

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