

Our Ref: EO/VETBI002

ENQUIRIES: Anna Agostino
EMAIL: eolsen@ppbsa.com.au

1 April 2010

National Stock Exchange
PO Box 283
NEWCASTLE NSW 2300

Attention: Mr Scott Evans

Dear Sir

**VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017**

We advise we were appointed as Joint and Several Administrators of the above Company on 30 March 2010 by resolution of the directors pursuant to Section 436A(1) of the Corporations Act 2001. A copy of the notice of our appointment is attached hereto.

We have also enclosed a creditors circular for your information and for the benefit of all Shareholders.

In particular, we note that the Company's future will be decided at a second meeting of creditors which will be held at our office on Wednesday, 12 May 2010.

Should you have any queries, please do not hesitate to contact Anna Agostino of our office.

Yours faithfully
PPB



TJ CLIFTON AND PI MACKS
JOINT AND SEVERAL ADMINISTRATORS

Enc

Level 10,
26 Flinders Street
Adelaide SA 5000

GPO Box 1471
Adelaide SA 5001

t +61 8 8211 7800

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e info@ppbsa.com.au

www.ppb.com.au

Offices throughout Australia.

IST Management Pty Limited
trading as PPB.
ABN 28 406 381 811

Liability limited by a scheme
approved under Professional
Standards Legislation.

IST Management Pty Limited
has associated but
independent entities and
partnerships. No liability of
any of the independent entities
or partnerships shall attach
to the group as a whole or
any members of the group.



Our Ref: EO/VETBI004

ENQUIRIES: Emma Olsen
EMAIL: eolsen@ppbsa.com.au

FORM 529A

Subregulation 5.6.12(6)

NOTICE TO CREDITORS

VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017

We advise that on 30 March 2010 pursuant to Section 436A of the Corporations Act we were appointed Joint and Several Administrators of the above Company.

An effect of our appointment is the powers of the directors are now suspended and as Administrators we act as agent of the Company, with all the powers of the Company and its directors.

Effect on Creditors

As a result of our appointment creditors cannot continue with any enforcement action against the Company without leave of the Court. We have enclosed a proof of debt form for you to inform us of your claims against the Company, to be able to vote at meetings of creditors and to be entitled to receive a dividend should one be paid.

Owners and lessors of property that is used, occupied by, or is in the possession of the Company, cannot take possession of the property except with the leave of the court or with our written consent.

If you claim that goods supplied by you have been delivered to the Company on terms that you retain title until payment has been received, you should contact our office as a matter of urgency and provide all such evidence of your ownership. We will contact you to arrange a mutually convenient time to conduct a stocktake and should your retention of title claim be valid we will either pay for goods we use or provide an opportunity for you to collect those goods.

Creditors secured over all or substantially all of the Company's property have 13 business days to enforce their security or be barred from enforcing it until the end of the Administration except with the leave of the court or with our written consent.

Level 10
26 Flinders Street
Adelaide SA 5000

GPO Box 1471
Adelaide SA 5001

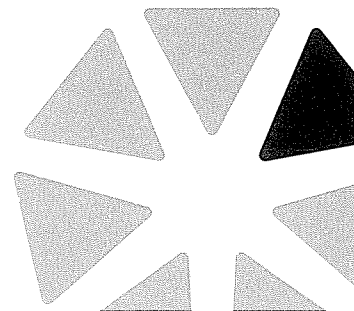
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Trading

Due to the financial position of the Company, the operations of the Company were ceased by the Company's Directors on Friday, 26 March 2010.

First Meeting of Creditors

A first meeting of creditors has been convened for Friday, 13 April 2010 in the boardroom of the offices of PPB, 10th Floor, 26 Flinders Street, Adelaide, South Australia at 10:00 am. A copy of the notice of the meeting, a proxy form and a proof of debt form are enclosed. A proxy form must be completed if the creditor is a Company or if an individual creditor wishes to appoint another party as his or her representative. If you require assistance in completing these forms please contact Emma Olsen of our office.

The main purpose of this meeting is to allow Creditors to determine whether to appoint a Committee of Creditors to consult with the Administrators. The meeting may also replace the Administrators.

It is too early to determine the position of the Company nor have we formed an opinion as to what action should be taken in furtherance of the interests of creditors and the Company. Only to the extent that it is possible shall we comment at the meeting upon the Company's affairs.

Second Meeting of Creditors

A second meeting of creditors will be held on Friday, 7 May 2010 at 10.00 am. At that meeting we will report to you on our investigations and the options available to the Company. Prior to that meeting creditors will receive a further detailed report from us and a full explanation of any Deed proposal that may be offered to creditors. The creditors will have the opportunity to decide whether a proposal is accepted, whether the Company is liquidated or whether control of the Company is returned to the directors.

Statement of Independence

We have considered our independence prior to accepting the appointment as Administrators and have formed an opinion there is no prior matter or conduct that will impair our independence.

We first met the directors on 30 March 2010 to discuss the financial position of the Company.

Enclosed is our Declaration of Independence, Relevant Relationships and Indemnities.

Remuneration

The Administrators intend their remuneration to be based on the firm's hourly rates for assignments of this nature. A copy of our scale of fees is attached. Creditor approval of our remuneration will be sought at the second meeting of creditors where a detailed narrative of work performed by each employee will be provided.

Other Matters

The Australian Securities and Investments Commission has produced a number of information circulars to assist creditors to understand the voluntary administration process.

These circulars can be accessed via the ASIC website:

<http://www.asic.gov.au/asic/asic.nsf/byheadline/Information+for+creditors?opendocument>.

Alternatively if you would like us to send you a copy, please contact our office.

Please contact Emma Olsen of this office should you have any queries in respect to this matter.

DATED this 31st day of March 2010



TJ CLIFTON AND PJ MACKS
JOINT AND SEVERAL ADMINISTRATORS

FORM 529A

Subregulation 5.6.12(6)


Corporations Act 2001

**NOTICE OF FIRST MEETING OF CREDITORS OF COMPANY
UNDER ADMINISTRATION**

**VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017**

1. On 30 March 2010, the Company under section 436A appointed Timothy James Clifton and Peter Ivan Macks of 26 Flinders Street, Adelaide as Joint and Several Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held in the offices of PPB, 10th Floor, 26 Flinders Street, Adelaide on Tuesday, 13 April 2010 at 10:00 am.
3. The purpose of the meeting is to determine:
 - (a) whether to appoint a committee of creditors; and
 - (b) if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - (a) remove the administrators from office; and
 - (b) appoint someone else as administrator of the Company.

DATED this 31st day of March 2010


TJ CLIFTON AND PI MACKS
JOINT AND SEVERAL ADMINISTRATORS

Proofs of debt, if not already lodged, and proxies desired to be used at the meeting may be lodged with the Administrators immediately prior to the meeting but to ensure a prompt start to the proceedings you are requested to lodge them with PPB, Chartered Accountants, 10th Floor, 26 Flinders Street, Adelaide, South Australia by 4.00pm on 12 April 2010.

FORM 532

CORPORATIONS ACT 2001

**VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017**

APPOINTMENT OF PROXY

I/We¹
of
a creditor of Vet Biotechnology Limited appoint²
or in his or her absence
.....
as *my/*our general/special proxy to vote at the meeting of creditors to be held 13 April 2010, or at
any adjournment of that meeting³

DATED this day of 2010

.....
Signature of Creditor⁴ or
Authorised Agent⁵

CERTIFICATE OF WITNESS⁶

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy).

I of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the
person appointing the proxy and read to him or her before he or she signed or marked instrument.

DATED this day of 2010

Signature of Witness

Description

Place of Residence

¹ If a firm, strike out "I" and set out the full name of the firm.

² Insert the name of the person appointed

³ If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution

⁴ The signature of the creditor is not to be attested by the person nominated as a proxy

⁵ Note that a corporation may by resolution of its directors provide standing authority for a person to represent it (Section 250D). Copy of authority to be annexed.

⁶ This certificate is to be completed only where the person giving it is blind.

CORPORATIONS ACT 2001

A.C.N. or A.B.N: 105 577 017

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Administrators of Vet Biotechnology Limited

1. This is to state that the Company was on 30 March 2010 and still is, justly and truly indebted to.....
ABN.....
 of.....
 for dollars and cents

Date	Consideration (state how the debt arose)	Amount \$ C	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:

Date	Drawer	Acceptor	Amount \$ C	Due Date

- 3.* I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- 3.* I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of 20.....

Signature Occupation

Address.....

* Do not complete if this proof is made by the creditor personally.

VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017

Declaration of Independence, Relevant Relationships and Indemnities

Independence

We, Timothy James Clifton and Peter Ivan Macks, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the above Company. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Neither of us, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company, or any person or entity that has a charge on the whole or substantially whole of the Company's property.

There are no other prior professional or personal relationships that should be disclosed.

Prior Engagements with the Insolvent

Neither of us, nor our firm have undertaken any prior engagements for the Company.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

We have been indemnified in relation to this Administration. We have received \$20,000 from one of the Directors of the Company as payment of our professional fees associated with the Administration.

DATED this 31st day of March 2010


TJ CLIFTON AND PI MACKS
JOINT AND SEVERAL ADMINISTRATORS

NOTE: *If circumstances change, or new information is identified, we are required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.*

**VET BIOTECHNOLOGY LIMITED
(ADMINISTRATORS APPOINTED)
A.C.N. 105 577 017**

Remuneration Report

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

- A. Time based / hourly rates - This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee - The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration.
- C. Percentage - The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- D. Contingency - The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on **Method A - Time based / hourly rates**. This is because given the nature of the appointment this is the most appropriate manner in which to determine the value of the work undertaken during the administration.

Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator/Trustee. Partner bringing his/her specialist skills to Administrations and/or Insolvency tasks.	\$410
Director	Qualified. 10+ years experience. Specialist industry knowledge or Registered Liquidator/Trustee who assists the appointed with all facets of Administrations and/or Insolvency tasks.	\$355
Senior Manager	Qualified. 8+ years experience. Well developed technical and commercial skills, bringing additional specialist skills to Administrations and/or Insolvency tasks.	\$325
Manager	Typically qualified. 6-8 years experience. Well developed technical and commercial skills. Planning and control of all Administrations and/or Insolvency tasks.	\$260
Supervisor	Typically qualified. 4-7 years experience. Co-ordinates planning and control of medium to larger Administrations and/or Insolvency tasks.	\$245
Senior Business Analyst 1	Typically Graduates/Qualified: 2-4 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.	\$200

Senior Business Analyst 2	Typically Graduate: 1-2 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.	\$160
Business Analyst 1	Typically Graduate: Up to 2 years experience. Required to control the fieldwork on small Administrations and/or Insolvency tasks and assist with fieldwork on medium to large Administrations and/or Insolvency tasks.	\$150
Business Analyst 2	Typically Under Graduate: Up to 2 years experience. Required to assist in day to day fieldwork of Administrations and/or Insolvency tasks under the supervision of more experienced staff.	\$135
Senior Administrator	Appropriate skills	\$150
Secretary	Appropriate skills	\$140
Clerk	Appropriate skills	\$110
Junior	Appropriate skills	\$80

Based on the above scale of fees for work of this nature and the preliminary assessment of this matter, we estimate that the costs of the administration are likely to be \$30,000.00 excluding GST. Please note that this is only an estimate which may vary depending on the circumstances of the administration

The Australian Securities and Investments Commission have prepared information sheets for those affected by a company's insolvency. One of these sheets is entitled "Approving Fees: A guide for creditors" and can be downloaded from the ASIC website at the address shown below. Alternatively, copies of the guide can be provided by PPB and will be tabled at the next meeting of creditors.

<http://www.asic.gov.au/asic/asic.nsf/byheadline/Information+for+creditors?opendocument>