

# Vet Biotechnology Limited

ACN 105 577 017

## NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is given that the a General Meeting of the members of Vet Biotechnology Limited ACN 105 577 017 ('the Company') will be held at 253 Sturt Street, Adelaide, South Australia 5000 on Tuesday, 29 March 2005 at 10.00am.

### Special Business

#### 1. Issue of Shares to Director

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

"That the company issue 500,000 shares and 500,000 options to Paul Lawrence Kerr for services rendered as a Director"

### Voting by Proxy

- A member who is entitled to attend and cast a vote at the general meeting may appoint a proxy.
- 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/- MSI Tilley Murphy Hughes  
253 Sturt Street  
ADELAIDE SA 5000

by mail:

Vet Biotechnology Limited  
C/- MSI Tilley Murphy Hughes  
GPO Box 1385  
ADELAIDE SA 5001

**Facsimile:** (08) 8231 7381

To be effective, the instrument by which a proxy is appointed by a member and, if the instrument is signed by the member's attorney, the authority under which the instrument is signed or a certified copy of the authority must be received by the Company at least 48 hours before the meeting.

For more information concerning the appointment of proxies and the address to which proxy forms may be sent, please refer to the reverse side of the proxy form.

By Order of the Board

Douglas Peter LeMessurier  
Director  
Adelaide  
2 March 2005

# Vet Biotechnology Limited

ACN 105 577 017

## PROXY FORM

All correspondence to:  
Vet Biotechnology Limited  
253 Sturt Street  
GPO Box 1385  
Adelaide SA 5000

«Shareholder»  
«Address1»  
«Address2»  
«Address3»  
«Country»

### Appointment of Proxy

I/We being a member/s of Vet Biotechnology Limited and entitled to attend and vote hereby appoint

☐

The Chairman of  
the meeting  
(mark with an 'X')

OR

Write here the name of the person you are  
appointing if this person is someone other  
than the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Vet Biotechnology Limited to be held at 253 Sturt Street, Adelaide, South Australia 5000 on 29 March 2005 at 10:00am and at any adjournment of that meeting.

Voting directions to your proxy – please mark



to indicate your directions

Item 1a

"That the company issue 500,000 shares and 500,000 options  
to Paul Lawrence Kerr for services rendered as a Director"

For

☐

Against

☐

Abstain

☐

The Chairman of the Meeting intends to vote undirected proxies in favour of this item.

### Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an 'X' if you  
wish to appoint a  
second proxy

AND

%

OR

State the percentage of your voting  
rights or the number of securities for  
this Proxy Form

**PLEASE SIGN HERE** This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Telephone

Date

# How to complete this Proxy Form

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## 1. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

## 2. Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's registered office or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the Second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

## 4. Signing Instructions

You must sign the form as follows in the spaces provided:

Individual	where the holding is in one name, the holder must sign.
Joint Holding	where the holdings is in more than one name, all of the securityholders should sign
Companies	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at 10:00am on 29 March 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting.

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### Documents may be lodged using:

- by posting, delivery or facsimile to Vet Biotechnology Limited registered office at:

Vet Biotechnology Limited  
C/- MSI Tilley Murphy Hughes  
253 Sturt Street, Adelaide SA 5000  
GPO Box 1385, Adelaide SA 5001  
Facsimile: 08 8231 7381

# Vet Biotechnology Limited

ACN 105 577 017

## EXPLANATORY STATEMENT

### FOR MEMBERS' MEETING TO BE HELD ON 29 MARCH 2005

#### 1. INTRODUCTION

This Explanatory Statement provides members with information regarding Resolution 1 appearing in the Notice of Meeting of Vet Biotechnology Limited (ACN 105 577 017) (the '**Company**') dated 2 March 2005 ('**Notice of Meeting**'), for the proposed giving of a financial benefit by the Company to a related party of the Company:

- (a) **Ordinary Resolution 1**, in relation to a proposed allotment of shares and options to a Company Director Mr Paul Lawrence Kerr. (see section 4 of this Explanatory Statement)

#### 2. PURPOSE OF EXPLANATION STATEMENT

The purpose of this Explanatory Statement is to provide members with material information to enable them to make an informed decision in relation to the proposed transactions described in Section 4 below.

#### 3. CORPORATIONS ACT REQUIREMENTS

- 3.1 The information in the following sections of this Explanatory Statement is provided to the Company's members in compliance with the requirements of the Australian Securities & Investments Commission ('**ASIC**') in respect of the giving of financial benefits to related parties of public companies, in accordance with Chapter 2E of the *Corporations Act*.
- 3.2 Chapter 2E of the *Corporations Act* contains a general prohibition against a public Company '**giving a financial benefit**' to a '**related party**', except subject to a Number of broad exceptions contained within the *Corporations Act*. The object of this general prohibition is to protect:
  - (a) a public company's resources (and in particular, those resources available to pay the public company's creditors); and
  - (b) the interests of the public company's members as members.
- 3.3 The expression '**related party**' includes, amongst other parties:
  - (a) directors of public companies;
  - (b) parents and children of related parties; and
  - (c) entities controlled by related parties of public companies.

3.4 The expression '***giving a financial benefit***' to a related party includes, amongst other things the following examples:

- (a) giving or providing the related party finance or property;
- (b) buying an asset from, or selling an asset to a related party;
- (c) leasing an asset from or to the related party;
- (d) supplying services to, or receiving services from, a related party;
- (e) issuing securities or granting an option to the related party;
- (f) taking up or releasing an obligation of the related party.

3.5 Under the *Corporations Act* a vote on a proposed resolution must not be cast (in any capacity) by or on behalf of:

- (a) a related party of a public company to whom the resolution would permit a financial benefit to be given; or
- (b) an associate of such a related party.

3.6 In the case of Ordinary Resolution 1 set out in the Notice of Meeting, this Explanatory Statement sets out:

- (a) the details of the '*giving of a financial benefit*' (or why the Directors have formed the conclusion that a transaction constitutes the '*giving of a financial benefit*', and the nature of that financial benefit;
- (b) the identity of the related party to the Company to whom (or to which) the proposed transaction would constitute the '*giving of a financial benefit*', and the nature of that financial benefit;
- (c) the Director or Directors of the Company (and other related parties) who:
  - i. being a related party; or
  - ii. having a material prescribed interest in the proposed giving of the financial benefit,in the manner prescribed by the *Corporations Act* are precluded from voting in relation to the Resolution; and
- (d) the recommendations of those Directors who are entitled to vote in relation to each Resolution and their reasons for that recommendation.

3.7 Those Directors who:

- (a) are related parties to the Company for the purposes of; or
- (b) have a material personal interest in,

the relevant subject matter of a Resolution, have not exercised any influence over those Directors who are independent of the relevant subject matter of a Resolution (and who are therefore eligible to make a recommendation to members).

- 3.8 Accordingly, those Directors who have a material interest in the relevant subject matter of a Resolution abstain from making any recommendation to members as to whether or not the Company proceeds with the transactions described in this information Memorandum.
- 3.9 Those Directors of the Company who do not have a material interest in a transaction described in this Explanatory Statement and are independent of the relevant related parties to the company (and their respective associates) in so far as that transaction is concerned recommend to members that the Company proceeds with the particular transaction.

#### **4. RESOLUTION 1**

##### **4.1 Overview of Share Issue Transaction**

- (a) Subject to member approval at a General Meeting of Members, the company will allot 500,000 shares and 500,000 options to Mr Paul Lawrence Kerr as remuneration for his services as a director.
- (b) If successful, the transaction will have the following impacts:
- i. *Existing Interest*  
Mr Paul Kerr Lawrence currently holds no shares or options or has no interest in any existing holdings of Vet Biotechnology Limited.
  - ii. *Dilution of Other Shareholdings*  
If successful, the affect of the proposed transaction will be that the shareholding of Mr Paul Lawrence Kerr in the Company will increase from 0.00% to 4.57%. Shareholders should refer to Annexure 1 and observe the dilution effect expressed in percentage terms both prior to and post the issue.
  - iii. *Remuneration Quantified*  
The shares will be allotted at \$0.40 each. This value was determined because that was the closing price of the shares on the Newcastle Stock Exchange on 10 February 2005. The options will be allotted at \$0.10 each because that was the closing price of the options on the Newcastle Stock Exchange on 10 February 2005. In monetary terms the total value of this remuneration will be \$250,000. This issue of shares and options will constitute the total remuneration package for Mr Paul Lawrence Kerr for the financial year ended 30 June 2005. The shares and options have been trading on the Newcastle Stock Exchange since 10 December 2005 and have traded consistently for \$0.40 and \$0.10 respectively. To date there have been 439,002 shares and 257,333 options traded since listing.

##### **4.2 Related Party Transaction**

- (a) Mr Paul Lawrence Kerr is a director of Vet Biotechnology Limited.

##### **4.3 Voting Procedure and Exclusions**

- (a) No votes may be cast (in any capacity) by Mr Paul Lawrence Kerr (or by his respective associates), as under the provisions of Section 224(1) of the *Corporations Act*, they are related parties to the company to whom Resolution 1a and 1b would permit a financial benefit to be given.

##### **4.4 Effect of Related Party Transaction on the Company**

Director Mr Peter Douglas LeMessurier, being a director of the Company who is independent of the related parties to the transaction, considers that the acceptance of the proposed resolution will have a net effect of nil on the balance sheet of the Company as retained earnings will be reduced by the value of the transaction and share capital will increase by the

same amount.

#### **4.5 Directors' Recommendation**

1. As a related party to the Company for the purposes of this transaction, and having a material personal interest in the transaction, Paul Lawrence Kerr:
  - i. abstains from making any recommendation to members that the Company proceeds with the transaction the subject of Resolution 1; and
  - ii. has not exercised any influence over Directors Douglas Peter LeMessurier, Lusia Halina Guthrie and Paul Andrew Mariani who are independent of the proposed transaction the subject matter of a Resolution.
2. Directors Douglas Peter LeMessurier, Lusia Halina Guthrie and Paul Andrew Mariani recommend to members that the Company proceeds with the transaction described in Section 4 of this Explanatory Statement because Mr Paul Lawrence Kerr has a vast experience in public relations and has been involved in the thoroughbred industry for a number of years. As the company moves forward, the advice and knowledge gleaned from Mr Kerr will be of great benefit.

#### **5. Additional Information**

##### **(a) Conditions for Proposed Transaction**

The proposed transaction is subject to the Company's members in general meeting passing the Ordinary Resolutions in the Notice of Meeting approving the proposed transactions.

- (b) The total holding of Mr Paul Lawrence Kerr and his related entities prior to the Resolution numbered 1 in this Explanatory Statement is a total of 0.00% of the issued shares of Vet Biotechnology Limited. After the resolution his total holdings will account for 4.57% of the issued shares of the company. Shareholders should refer to Annexure 1 and observe the dilution effect expressed in percentage terms both prior to and post the issue.

Mr Paul Lawrence Kerr and his related entities prior to the Resolution numbered 1 in this Explanatory Statement hold no options in the company. After the resolution he will hold 4.57% of the options issued for the company. Shareholders should refer to Annexure 2 and observe the dilution effect expressed in percentage terms both prior to and post the issue.

- (e) The allocation price of the shares allotted under the above resolution is \$0.40 each. The allocation price of the options allotted under the above resolution is \$0.10 each. These values were arrived at from the trading price of the equities on close of business on the Newcastle Stock Exchange on 10 February 2005. In monetary terms the total value of this remuneration will be \$250,000. This issue of shares and options will constitute the total remuneration package for Mr Paul Lawrence Kerr for the financial year ended 30 June 2005. The shares and options have been trading on the Newcastle Stock Exchange since 10 December 2005 and have traded consistently for \$0.40 and \$0.10 respectively. To date there have been 439,002 shares and 257,333 options traded since listing.

- (c) The options may be exercised at anytime up to 30 June 2011 at an exercise price of \$0.30. There are no voting rights attached to the options. Shareholders should refer to Annexure 3 for full terms and conditions of the options.
- (d) The board of directors have approved the issue of 500,000 shares and 500,000 options to Mr Paul Lawrence Kerr as a fee for each being a director of the company. The recent prospectus indicated the board would not allocate the shares until shareholders approved the allotment. The board has waited until the offer under the prospectus had been completed and recent shareholders had an opportunity to cast their vote.



## Vet Biotechnology Limited

ACN 105 577 017

## Top 20 Shareholder List - 10 February 2005

Shareholder	Shares on Issue 10 February 2005	% Holding Pre Issue	Date	Number	Total Paid/Taken to be paid	Total amount unpaid	Shares on Issue 29 March 2005	% Holding Post Issue
Apet Pty Ltd	1,000,000	9.59%					1,000,000	9.15%
Augustas Peter LeMessurier	950,000	9.11%					950,000	8.69%
First Avenue Investment Pty Ltd	900,000	8.63%					900,000	8.23%
Advvet Science Pty Ltd	600,000	5.75%					600,000	5.49%
Cholias Greenaway Mills	509,669	4.89%					509,669	4.66%
entwood Pty Ltd	500,000	4.79%					500,000	4.57%
ugh Berkley Guthrie	500,000	4.79%					500,000	4.57%
isia Halina Guthrie								
iron Pty Ltd	500,000	4.79%					500,000	4.57%
ugo Frederick LeMessurier	500,000	4.79%					500,000	4.57%
aul Lawrence Kerr		0.00%	29/03/05	500,000	200,000		500,000	4.57%
hn P M Cook	352,427	3.38%					352,427	3.22%
ne Mary LeMessurier	350,000	3.36%					350,000	3.20%
nu Cards Pty Ltd	340,000	3.26%					340,000	3.11%
ana Mary O'Halloran Evans	334,000	3.20%					334,000	3.06%
aymond George Pank	303,000	2.91%					303,000	2.77%
Adrian John Porter	200,000	1.92%					200,000	1.83%
ail Lachlan Wallace								
Adrian Porter Family A/c>							200,000	1.83%
Adrian John Porter	200,000	1.92%						
ail Lachlan Wallace								
Adrian Porter Family A/c>							200,000	1.83%
HI Securities Pty Ltd	200,000	1.92%						
Crown Credit A/c>	180,000	1.73%					180,000	1.65%
endy Cook								
onkay Pty Ltd	170,000	1.63%					170,000	1.56%
3J Dawes Super Fund A/c>	170,000	1.63%					170,000	1.56%
HI Sutton Nominees Pty Ltd	1,670,663	16.02%					1,670,663	15.29%
total Other Investors	10,429,759	100.00%		500,000			10,929,759	100.00%

## Vet Biotechnology Limited

ACN 105 577 017

## Top 20 Optionholders List - 10 February 2005

Optionholder	Options on Issue 10 February 2005	% Holding Pre Issue	Date	Number	Total Paid/Taken to be paid	Options on Issue 29 March 2005	% Holding Post Issue
Alpnet Pty Ltd	1,000,000	9.59%				1,000,000	9.15%
Douglas Peter LeMessurier	950,000	9.11%				950,000	8.69%
First Avenue Investment Pty Ltd	900,000	8.63%				900,000	8.23%
Medvet Science Pty Ltd	600,000	5.75%				600,000	5.49%
Leventwood Pty Ltd	500,000	4.79%				500,000	4.57%
Hugh Berkley Guthrie	500,000	4.79%				500,000	4.57%
Justia Halina Guthrie							
Mytron Pty Ltd	500,000	4.79%				500,000	4.57%
Walter Frederick LeMessurier	500,000	4.79%				500,000	4.57%
Paul Lawrence Kerr		0.00%	29/03/05	500,000	50,000	500,000	4.57%
Nicholas Greenaway Mills	447,000	4.29%				447,000	4.09%
John P M Cook	352,427	3.38%				352,427	3.22%
Shane Mary LeMessurier	350,000	3.36%				350,000	3.20%
Immu Cards Pty Ltd	340,000	3.26%				340,000	3.11%
Shiriana Mary O'Halloran Evans	334,000	3.20%				334,000	3.06%
Raymond George Pank	303,000	2.91%				303,000	2.77%
Mr Adrian John Porter							
Neil Lachlan Wallace	200,000	1.92%				200,000	1.83%
Adrian Porter Family A/c>							
Mr Adrian John Porter							
Neil Lachlan Wallace	200,000	1.92%				200,000	1.83%
Adrian Porter Family A/c>							
WHI Securities Pty Ltd	200,000	1.92%				200,000	1.83%
Crown Credit A/c>							
Wendy Cook	180,000	1.73%				180,000	1.65%
Ironkay Pty Ltd							
BJ Dawes Super Fund A/c>	170,000	1.63%				170,000	1.56%
H Sutton Nominees Pty Ltd	170,000	1.63%				170,000	1.56%
	1,733,332	16.62%				1,733,332	15.86%
Total Other Investors	10,429,759	100.00%		500,000		10,929,759	100.00%

## Vet Biotechnology Limited

ACN 105 577 017

## Terms and Conditions of Options

- 
- (a) Optionholders will be entitled on payment of an amount equal to 30 cents for the share (**Exercise Price**) to be allotted one ordinary fully paid Share in the Assignee (Vet Biotechnology Limited) for each Option exercised (subject to possible adjustments referred to below);
- (b) Options are exercisable in whole or in part at any time prior to 30 June 2011 (**Exercise Period**). Any Options not exercised before the expiry of the Exercise Period will lapse;
- (c) Options are exercised by notice in writing to the Board of the Assignee delivered with payment of the Exercise Price in cleared funds to the registered office of the Assignee. If the Assignee is listed, the Assignee will apply for Options to be quoted on any Australian Stock Exchange.
- (d) Options are freely transferable subject to any restriction agreement.
- (e) An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Assignee if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the new issue. The Assignee must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue.
- (f) If there is a bonus issue to the holders of ordinary shares in the Assignee, 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 bonus issue record date;
- (g) If the Assignee makes a rights issue (other than a bonus issue), the Exercise Price of Options on issue will be reduced according to the following formula:
- $$O' = O - ((E[P - (S + D)]) / (N + 1))$$
- Where:
- O' = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying ordinary shares into which one Option is exercisable;
- P = the average closing sale price per ordinary share (weighted by reference to volume) records on any stock market nominated by the Board of Directors during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossing and overnight sales and exchange traded options exercised);
- S = the subscription price for the 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.
- (h) If during the currency of the Options the issued capital of the Assignee is reorganised, Options will be reorganised to the extent necessary to comply with a Stock Exchange Listing Rules (if applicable).
- (i) Upon the exercise of an option, the Company will issue a fully paid ordinary share ranking pari passu with the then issued ordinary shares in the Company.
- (j) Ordinary shares to be issued pursuant to any exercise of options will be issued not more than one month after valid exercise of the options, and share certificates or holding statements will be despatched within 10 business days thereafter.