



## **Probiomics Limited**

ACN 084 464 193

# **Notice of Annual General Meeting**

**and**

## **Explanatory Memorandum to Shareholders**

### **ANNUAL GENERAL MEETING:**

11.00am (Sydney time) on Wednesday, 29 November, 2006  
Room 5B,  
Locomotive Workshops Bay 8  
Australian Technology Park,  
EVELEIGH NSW 1430

A separate proxy form is enclosed.

The Directors recommend that shareholders vote in favour of each of the Resolutions contained in this Notice of Meeting.

Please read the Notice and the accompanying Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete the Proxy Form and return, as directed.

# Notice of Annual General Meeting

NOTICE is hereby given that the Seventh Annual General Meeting of Shareholders of Probiomix Limited ("Company") will be held at 11.00am (Sydney time) on Wednesday 29 November, 2006 in room 5B of Locomotive Workshop Bay 8, Australian Technology Park, Eveleigh, NSW, 1430.

## AGENDA

### ORDINARY BUSINESS

#### Chairman's Address

#### Financial reports

To receive and consider the financial report of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2006.

### ORDINARY RESOLUTIONS

#### 1. Re-election of Director

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modification:

"THAT Professor Ron Penny, being a director of the Company who retires in accordance with Rule 8.1(e)(2) of the Company's Constitution, and is eligible, be and is hereby re-elected as a director of the Company".

#### 2. Remuneration policy of The Company

To consider, and if thought fit, to pass the following resolution in respect of the Company's remuneration policy for Directors and Executives:-

"THAT the remuneration policy of the Company for Directors and Executives as set out in the Company's 2006 annual report to members be adopted".

#### 3. Issue of options to directors

##### 3.1 Issue of options to Mr Bryan Gardiner

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modification:

"THAT approval be given to the issue by the Company to Mr Bryan Gardiner of 1,000,000 options to acquire ordinary fully paid shares in the capital of the Company exercisable at \$0.10 per share with an expiry date of 28 November 2008 in accordance with the terms and conditions of the company's Employee Share Ownership Plan. The options will be issued immediately upon the passing of this resolution.

##### *Voting exclusion:*

*Any votes cast on this resolution by Directors of the Company and their associates, except one who is ineligible to participate in an employment incentive scheme in relation to the company, or by Mr Gardiner and any associate of that person shall be disregarded.*

*However, the Company need not disregard a vote if:-*

- (i) it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction of the proxy form; or*

- (ii) *if it cast by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

### **3.2 Issue of options to Mr Patrick Ford**

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modification:

“THAT approval be given to the issue by the Company to Mr Patrick Ford of 1,000,000 options to acquire ordinary fully paid shares in the capital of the Company exercisable at \$0.10 per share with an expiry date of 28 November 2008 in accordance with the terms and conditions of the company’s Employee Share Ownership Plan. The options will be issued immediately upon the passing of this resolution.

*Voting exclusion:*

*Any votes cast on this resolution by Directors of the Company and their associates, except one who is ineligible to participate in an employment incentive scheme in relation to the company, or by Mr Ford and any associate of that person shall be disregarded.*

*However, the Company need not disregard a vote if:-*

- (i) *it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction of the proxy form; or*
- (ii) *if it cast by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

### **3.3 Issue of options to Prof. Ron Penny, AO**

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modification:

“THAT approval be given to the issue by the Company to Prof Ron Penny of 750,000 options to acquire ordinary fully paid shares in the capital of the Company exercisable at \$0.10 per share with an expiry date of 28 November 2008 in accordance with the terms and conditions of the company’s Employee Share Ownership Plan. The options will be issued immediately upon the passing of this resolution.

*Voting exclusion:*

*Any votes cast on this resolution by Directors of the Company and their associates, except one who is ineligible to participate in an employment incentive scheme in relation to the company, or by Prof Penny and any associate of that person shall be disregarded.*

*However, the Company need not disregard a vote if:-*

- (i) *it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction of the proxy form; or*
- (ii) *if it cast by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

## **OTHER BUSINESS**

To consider any other business that may be brought before the meeting in accordance with the Constitution.

## **EXPLANATORY MEMORANDUM**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

## **POINT AT WHICH VOTING RIGHTS ARE DETERMINED**

The Board of Directors has determined that under Corporations Regulations 7.11.37, for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders at 7.00 pm (Sydney time) on 27 November 2006. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## **PROXIES**

A shareholder entitled to attend and vote has a right to appoint a proxy. The proxy does not need to be a member of the Company. A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A loose-leaf proxy form is provided with this notice and to be effective must be received by the Company at the Company's registered office:

Probiomics Limited  
Suite G09, Australian Technology Park,  
1 Central Avenue,  
EVELEIGH NSW 1430

Or By facsimile to the Company on (02) 9209 4256

by not later than 11.00am (Sydney time) on 27 November 2006.

**By Order of the Board**

**Dated 20 October 2006**

**Paul B Magoffin  
Company Secretary  
Probiomics Limited**

# PROBIOMICS LIMITED

ACN 084 464 193

## EXPLANATORY MEMORANDUM

### TO THE NOTICE OF THE MEETING TO BE HELD AT 11.00 AM (SYDNEY TIME) ON WEDNESDAY 29 NOVEMBER 2006

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the annual general meeting to be held on Wednesday 29 November 2006.

#### Ordinary business

##### Financial reports

The Corporations Act and the Company's constitution require the reports of the directors and auditors; and the annual financial report, including the financial statements of the company for the year ended 2006, to be laid before the annual general meeting. Neither the Corporations Act nor the Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given the opportunity to raise questions or comments on the reports and statements at the meeting.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

##### Ordinary Resolutions

#### 1. RE-ELECTION OF PROF. RON PENNY AO

##### Background

Prof Penny was appointed to the Board of Directors of the Company on 17 February 2005 and was elected a Director at last year's Annual General Meeting. In accordance with clause 8.1(e)(2)(A) of the Company's Constitution, one-third of Directors must retire from office at each Annual General Meeting of the Company with the Director or Directors who have been longest in office since their last election being required to retire.

As all three currently serving Directors were elected at the last AGM, it has been agreed among the Directors, as is allowed for under the Constitution, that Prof Ron Penny retire at this AGM and, being eligible, to offer himself for re-election.

Professor Penny is one of Australia's leading immunologists. He graduated with Honours from the University of Sydney in 1960 following which he undertook further studies in haematology, oncology and immunology in the UK and the USA.

Professor Penny set up the first Clinical Immunology Unit in NSW at the Royal Prince Alfred Hospital. In 1979 he was the recipient of the first Doctorate of Science awarded to a member of a clinical department by the University of NSW followed by a Personal Chair in Clinical Immunology in 1988. Professor Penny has published over 350 medical and scientific papers in prestige national and international journals.

Professor Penny is currently Emeritus Professor of Medicine, University of NSW, Senior Clinical Advisor, NSW Health, Chairman of the Justice Health Board and is a director of publicly listed Cryosite Limited.

## **2. REMUNERATION POLICY OF THE COMPANY**

Pursuant to s250R (2) of the Corporations Act 2001, listed companies are required to put to shareholders at each Annual General Meeting a resolution to adopt the remuneration report.

The vote on this resolution is advisory only and does not bind the directors or the Company [section 250R (3)].

### **RESOLUTIONS 3.1, 3.2, 3.3 - ISSUE OF OPTIONS TO DIRECTORS**

The obligations and liabilities of non-executive directors of public companies are equal irrespective of the size and maturity of the company. 'Small cap' companies such as Probiomics can therefore have difficulty in attracting non-executive directors of a high calibre particularly given the relatively low remuneration being offered.

The Directors are of the opinion, based on their having made enquiries, that the issue of the proposed options to the Directors as part of their remuneration is reasonable.

In accordance with the requirements of the Australian Stock Exchange's listing rules, shareholder approval is required for the issue of any securities in the company to directors.

The Options will not be quoted and will be issued in accordance with the Company's Employment Share Option Plan (**ESOP**). Each Option will entitle Mr Gardiner to acquire an ordinary share in the Company.

#### **3.1 ISSUE OF OPTIONS TO MR BRYAN GARDINER**

At a General Meeting of the company, held on 8 April 2005, shareholders voted to approve the issue of 1,000,000 unlisted \$0.25 options to Mr Gardiner with an expiry date of 30 June 2006. These options were not exercised and have lapsed. The Company now wishes to grant Mr Gardiner new options to purchase up to 1,000,000 shares in the company at an exercise price of \$0.10 per share with an expiry date of 28 November 2008.

ASX Listing Rule 10.14 provides that a company must not issue securities to directors or their associates under an employee incentive scheme (such as the ESOP) without approval of shareholders. Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties under ASX Listing Rule 10.11. In compliance with the information requirements of Listing Rule 10.15:

- Subject to shareholder approval being obtained, a maximum of 1,000,000 Options will be issued to Mr Gardiner.
- The Options will be issued for no consideration as they form part of Mr Gardiner's remuneration for performing his role as a director of the Company. Each Option will have an exercise price of \$0.10, and once issued will be exercisable at any time on or before 28 November 2008.
- The only person, as defined by ASX listing rule 10.14, to have received securities under this scheme since the last time approval was given is Prof Ron Penny, a Director, who was issued an option to acquire up to 500,000 ordinary shares in the Company, for no consideration, at an exercise price of \$0.10. The options have an expiry date of 14 September 2008. Approval for the issue was granted at a General Meeting of the Company held on 21 September 2006.
- The directors may at their absolute discretion issue options under the ESOP to any person who is a permanent or part time employee or director of the Company.
- The names of all Directors who are eligible to participate in the scheme are as follows:-
  - Mr Bryan Martin Gardiner
  - Mr Patrick Ford, and
  - Professor Ronald Penny, AO
- No loan is being made available to Mr Gardiner in connection with the issue or exercise of the Options.  
The Options will be issued immediately upon the passing of this resolution.

### **3.2 ISSUE OF OPTIONS TO MR PATRICK FORD**

At a General Meeting of the company, held on 8 April 2005, shareholders voted to approve the issue of 1,000,000 unlisted \$0.25 options to Mr Ford with an expiry date of 30 June 2006. These options were not exercised and have lapsed. The Company now wishes to grant Mr Ford new options to purchase up to 1,000,000 shares in the company at an exercise price of \$0.10 per share with an expiry date of 28 November 2008.

ASX Listing Rule 10.14 provides that a company must not issue securities to directors or their associates under an employee incentive scheme (such as the ESOP) without approval of shareholders. Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties under ASX Listing Rule 10.11. In compliance with the information requirements of Listing Rule 10.15:

- Subject to shareholder approval being obtained, a maximum of 1,000,000 Options will be issued to Mr Ford.
- The Options will be issued for no consideration as they form part of Mr Ford's remuneration for performing his role as a director of the Company. Each Option will have an exercise price of \$0.10, and once issued will be exercisable at any time on or before 28 November 2008.
- The only person, as defined by ASX listing rule 10.14, to have received securities under this scheme since the last time approval was given is Prof Ron Penny, a Director, who was issued an option to acquire up to 500,000 ordinary shares in the Company, for no consideration, at an exercise price of \$0.10. The options have an expiry date of 14 September 2008. Approval for the issue was granted at a General Meeting of the Company held on 21 September 2006.
- The directors may at their absolute discretion issue options under the ESOP to any person who is a permanent or part time employee or director of the Company.
- The names of all Directors who are eligible to participate in the scheme are as follows:-  
Mr Bryan Martin Gardiner  
Mr Patrick Ford, and  
Professor Ronald Penny AO
- No loan is being made available to Mr Ford in connection with the issue or exercise of the Options.  
The Options will be issued immediately upon the passing of this resolution.

### **3.3 ISSUE OF OPTIONS TO PROF RON PENNY, AO**

At a General Meeting of the company, held on 21 September 2006, shareholders voted to approve the issue of 500,000 unlisted \$0.10 options to Prof Penny with an expiry date of 14<sup>th</sup> September 2008. The Company now wishes to grant Prof Penny new options to purchase up to a further 750,000 shares in the company at an exercise price of \$0.10 per share with an expiry date of 28 November 2008.

ASX Listing Rule 10.14 provides that a company must not issue securities to directors or their associates under an employee incentive scheme (such as the ESOP) without approval of shareholders. Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a company issuing securities to related parties under ASX Listing Rule 10.11. In compliance with the information requirements of Listing Rule 10.15:

- Subject to shareholder approval being obtained, a maximum of 750,000 Options will be issued to Prof Penny.
- The Options will be issued for no consideration as they form part of Prof Penny's remuneration for performing his role as a director of the Company. Each Option will have an exercise price of \$0.10, and once issued will be exercisable at any time on or before 28 November 2008.
- The only person, as defined by ASX listing rule 10.14, to have received securities under this scheme since the last time approval was given is Prof Ron Penny, a Director, who was issued an option to acquire up to 500,000 ordinary shares in the Company, for no consideration, at an exercise price of \$0.10. The options have an expiry date of 14 September 2008. Approval for the issue was granted at a General Meeting of the Company held on 21 September 2006.

- The directors may at their absolute discretion issue options under the ESOP to any person who is a permanent or part time employee or director of the Company.
  - The names of all Directors who are eligible to participate in the scheme are as follows:-  
Mr Bryan Martin Gardiner  
Mr Patrick Ford, and  
Professor Ronald Penny AO
  - No loan is being made available to Prof Penny in connection with the issue or exercise of the Options.  
The Options will be issued immediately upon the passing of this resolution.
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# Probiomics Limited

ABN 97 084 464 193

# Proxy Form

### All correspondence to:

Computershare Investor Services Pty Limited  
GPO Box 4195 Sydney  
NSW 2001 Australia  
Enquiries (within Australia) 1300 855 080  
(outside Australia) 61 3 9415 4000  
Facsimile 61 2 8235 8220  
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001  
000  
PCC  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



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## Appointment of Proxy

We being a member(s) of Probiomics Limited and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate 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 Annual General Meeting of Probiomics Limited to be held at Room 5B, Locomotive Workshop Bay 8 Australian Technology Park, Eveleigh NSW on 29 November 2006 at 11.00am and at any adjournment of that meeting.



### IMPORTANT: FOR ITEMS 3.1, 3.2 AND 3.3 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on items 3.1, 3.2 and 3.3 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on items 3.1, 3.2 and 3.3 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

## Voting directions to your proxy - please mark to indicate your directions

- 1 To re-elect Professor Ron Penny as a director
- 2 To adopt the Remuneration Policy of the Company
- 3.1 To approve 1,000,000 Options to Mr. Bryan Gardiner
- 3.2 To approve 1,000,000 Options to Mr. Patrick Ford
- 3.3 To approve 750,000 Options to Prof. Ron Penny, AO

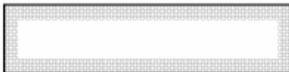
|     | For                      | Against                  | Abstain*                 |
|-----|--------------------------|--------------------------|--------------------------|
| 1   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.3 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

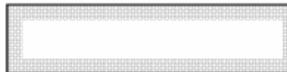
## PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



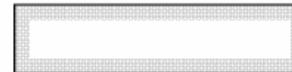
Sole Director and  
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

PCC

17PR



PCC\_WIP\_173256/000001/000001/4

# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'X') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. 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. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three 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.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two 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 share registry or you may copy this form.

To appoint a second proxy you must:

- (a) 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.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

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

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- 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 a corporate Securityholder or proxy 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 or at [www.computershare.com](http://www.computershare.com).

## 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 no later than 48 hours before the commencement of the meeting at 11.00am on 29 November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

|           |   |
|-----------|---|
| IN PERSON | Registered Office - Suite G09, 1 Central Avenue, Australian Technology Park, EVELEIGH NEW SOUTH WALES 1430 AUSTRALIA<br>Share Registry - Computershare Investor Services Pty Limited, Level 2, 60 Camington Street, Sydney NSW 2000 Australia |
| BY MAIL   | Registered Office - Suite G09, 1 Central Avenue, Australian Technology Park, EVELEIGH NEW SOUTH WALES 1430 AUSTRALIA<br>Share Registry - Computershare Investor Services Pty Limited, GPO Box 4195, Sydney NSW 2001 Australia                 |
| BY FAX    | 61 2 8235 8220  |