

# **Patrys Limited**

**ACN 123 055 363**

## **Notice of 2009 Annual General Meeting**

To be held at Middletons, Level 25, 525 Collins Street, Melbourne, Victoria  
on 27 November 2009 at 4 pm (Melbourne time)

**Patrys Limited**  
**ACN 123 055 363**

## **Notice of Annual General Meeting**

Notice is given that the 2009 Annual General Meeting of the members of Patrys Limited (**Company**) will be held at Middletons, Level 25, 525 Collins Street, Melbourne, Victoria on **27 November 2009** at 4 pm (Melbourne time) for the purpose of considering and, if thought appropriate, passing the following resolutions.

### **General Business**

#### **1. Resolution 1 – Receipt and Consideration of Financial Statements and Reports**

To receive and consider the Financial Statements of the Company for the year ended 30 June 2009, together with the Directors' Report (other than Remuneration Report) and the Independent Audit Report as set out in the Annual Report 2009.

#### **2. Resolution 2 – Adoption of Remuneration Report (Non Binding Resolution)**

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

"To adopt the Remuneration Report for the year ended 30 June 2009 as set out in the Annual Report 2009".

*\*Please note that Section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the Directors or the Company.*

#### **3. Resolution 3 – Re-election of Mr Michael Stork as a Director**

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

"That pursuant to clause 15.3(a) of the Company's Constitution, the members of the Company approve the re-appointment of Michael Stork as a Director of the Company who, pursuant to clause 15.3(b) is retiring by rotation and being eligible, offers himself for re-election."

### **Special Business**

#### **4. Resolution 4 – Establishment of Non Executive Directors' Fee Pool**

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

"That for the purposes of ASX Listing Rule 10.17, the maximum aggregate annual fees payable to the Company's Non-Executive Directors be set at \$250,000 per annum, to be apportioned at the Directors' discretion."

#### **5. Resolution 5 – Adoption of the Loan Share Plan**

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

"That for the purposes of ASX Listing Rules 7.1 and 7.2 exception 9(b), Section 260C(4) of the Corporations Act 2001 (Cth) and for all other purposes the shareholders approve the Company's Loan Share Plan, as laid before the meeting, a copy of which is available for inspection at the registered office of the Company (during normal business hours)."

**6. Resolution 6 – Issue of up to 475,000 shares to Daniel Devine, Chief Executive Officer, under Loan Share Plan**

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

"That subject to the approval of Resolution 5 and for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14, and for all other purposes approval is granted for:

- (a) the Company to issue to Mr Devine up to 475,000 ordinary shares as set out in the Explanatory Notes which accompany this Notice in accordance with the Loan Share Plan; and
- (b) the advance by the Company to Mr Devine of an interest free limited recourse loan to finance the purchase of the shares as determined in accordance with the terms of the Loan Share Plan."

**7. Resolution 7 – Issue of up to 176,478 shares to Mr John Read, Non Executive Chairman, under Loan Share Plan**

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

"That subject to the approval of Resolution 5 and for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14, and for all other purposes approval is granted for:

- (a) the Company to issue to Mr Read up to 176,478 ordinary shares as set out in the Explanatory Notes which accompany this Notice in accordance with the Loan Share Plan; and
- (b) the advance by the Company to Mr Read of an interest free limited recourse loan to finance the purchase of the shares as determined in accordance with the terms of the Loan Share Plan."

**8. Resolution 8 – Issue of up to 88,239 shares to Dr Alan Robertson, Non Executive Director, under Loan Share Plan**

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

"That subject to the approval of Resolution 5 and for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14, and for all other purposes approval is granted for:

- (a) the Company to issue to Dr Robertson up to 88,239 ordinary shares as set out in the Explanatory Notes which accompany this Notice in accordance with the Loan Share Plan; and
- (b) the advance by the Company to Dr Robertson of an interest free limited recourse loan to finance the purchase of the shares as determined in accordance with the terms of the Loan Share Plan."

**Voting Entitlements**

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at 7pm (Melbourne time) on Wednesday 25th November 2009.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes, each proxy may exercise half of the votes (in which case any fraction of votes will be disregarded).

The proxy form (and the power of attorney or other authority, if any, under which a proxy form is signed) must be completed and returned to the Company no later than 4 pm (Melbourne time) on Wednesday 25th November 2009 by:

- (a) lodging it with Computershare Investor Services Pty Limited (452 Johnston Street, Abbotsford, VIC 3067) or the Company at its registered office (Suite 614, Level 6, Equitable House, 343 Little Collins Street, Melbourne, Victoria, 3000);
- (b) posting it in the reply paid envelope to Computershare Investor Services Pty Limited (GPO Box 242, Melbourne, VIC 3001); or
- (c) faxing it to Computershare Investor Services Pty Limited facsimile (within Australia) 1800 783 447, (outside Australia) +613 9473 2555.
- (d) For Intermediary Online subscribers only (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

Any Proxy Form received after that time will not be valid for the scheduled meeting.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation. The proxy may, but need not, be a member of the Company. A proxy form is included with this Notice of Meeting.

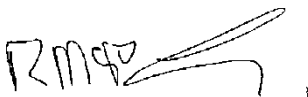
### **Statement Regarding Undirected Proxies**

As disclosed on the proxy form it is the intention of the Chairman of the Meeting to vote any undirected proxies in favour of all resolutions. Pursuant to the ASX Listing Rules the proxy form is required to contain certain disclosures regarding the voting intentions of the Chairman regarding undirected proxies. Shareholders are advised to read the proxy form carefully.

### **Corporate Representatives**

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman of the Meeting) a natural person to act as its representative at the Meeting.

By order of the Board:



Roger McPherson  
Company Secretary  
26 October 2009

**Patrys Limited**  
**ACN 123 055 363**

## **Explanatory Notes**

These explanatory notes have been prepared to provide members with information to assist their assessment of the merits of the resolutions contained in the accompanying notice of the Patrys 2009 Annual General Meeting to be held at Middletons, Level 25, 525 Collins Street, Melbourne, Victoria on **27 November 2009** at 4 pm (Melbourne time).

### **1. Resolution 1 – Receipt and Consideration of Financial Statements and Reports**

Section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**) requires the Financial Report, the Directors' Report (other than the Remuneration Report) and the Auditor's Report for the year ended 30 June 2009 to be laid before the Patrys 2009 Annual General Meeting. There is no requirement either in the Corporations Act or in the Company's Constitution for shareholders to approve these reports (other than the Remuneration Report which forms part of the Directors' Report). Shareholders will have a reasonable opportunity at the meeting to ask questions and comment on these reports and on the Company's business and operations.

Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose of the meeting that the Financial Statements and Reports be accepted, rejected or modified in any way and accordingly there will be no formal resolution put to the meeting.

### **2. Resolution 2 - Adoption of Remuneration Report (Non-binding Resolution)**

Under Section 250R of the Corporations Act, shareholders have the opportunity to pass a non-binding resolution on the Remuneration Report at the Patrys 2009 Annual General Meeting and, under Section 250SA of the Corporations Act, the Chairman must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Remuneration Report, which explains the Board's policies in relation to the nature and level of remuneration paid to Directors and senior management of the Company and which sets out remuneration details for each Director, forms part of the Directors' Report on pages 21 to 28 (inclusive) of the Annual Report for the year ended 30 June 2009 which is available on the Company's website at [www.patrys.com](http://www.patrys.com). If requested a printed copy of the Annual Report has been sent to shareholders with this Notice and Explanatory Notes.

The Remuneration Report:

- explains the Board's policies in respect of the nature and level of remuneration paid to Directors and senior management of the Company;
- makes clear that remuneration is linked to performance of key executives and the Company overall;
- sets out the remuneration details for each Director and each member of the Company's senior management team; and
- makes clear that the basis for remunerating Non Executive Directors is distinct from the basis for remunerating executives and Executive Directors.

Shareholders should note that, as specified by Section 250R of the Corporations Act, the vote on Resolution 2 is advisory only and is not binding on the Board or the Company. Shareholders will be given the opportunity to ask questions about or make comments on the Remuneration Report.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

### **3. Resolution 3 – Election of Mr Michael Stork as Director**

Clause 15.3(a)(i) of the Constitution of the Company provides that no Director except the Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is the longer, without submitting himself or herself for re-election. Clause 15.3(a)(ii) provides that at each annual general meeting one-third of the previously elected Directors, and if their number is not a multiple of three, then the number nearest to but not exceeding one-third, must retire from office and are eligible for re-election.

Clause 15.3(b) provides that the Directors to retire in every year under clause 15.3(a) are the Directors longest in office since last being elected.

Mr Stork and Mr Devine were appointed to the Board in February 2007 and Mr Read and Dr Robertson were appointed to the Board in May 2007. Mr Stork (along with the two other Non Executive directors) was re-elected by the members as a director of the Company at the Patrys 2007 Annual General Meeting held on 20 November 2007. In accordance with Clause 15.3 of the Constitution of the Company, one of the three Non Executive Directors (Messrs Stork and Read and Dr Robertson) must retire at this Annual General Meeting. Michael Stork has agreed to retire, is eligible for re-election and has submitted himself for re-election at the Patrys 2009 Annual General Meeting.

A summary of Mr Stork's experience, qualifications and background is provided on page 19 of the Company's 2009 Annual Report, a copy of which is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) or at [www.patrys.com/annual report/2009.pdf](http://www.patrys.com/annual%20report/2009.pdf).

The Directors (in the absence of Michael Stork) unanimously recommend that shareholders vote in favour of the re-election of Michael Stork.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 3.

## **Special Business**

### **4. Resolution 4 – Establishment of Non Executive Directors' Fee Pool**

Clause 15.4(a) of the Constitution of the Company provides that Shareholders must approve the annual maximum sum to be paid in aggregate to all Non Executive Directors for their services as directors each year.

Directors' fees were originally determined as at the date of the Company's public listing on 13 July 2007 and by reference to industry standard. At that time there was no limit set on the total Non Executive Directors' fees payable.

In 2007 director fees were set at \$50,000 per annum per Non Executive Director and \$65,000 for the Chairman and reflected the demands which were expected to be made on and the responsibilities of the Directors at that time. One Non Executive Director, Michael Stork, does not receive monetary Directors' fees and it is not anticipated that he will in the foreseeable future.

These fees have not changed since 2007 but as outlined in the Company's 2008 and 2009 Annual Reports it is the Company's intent to review these fees and make appropriate adjustments to reflect any changes in the industry standard.

The proposed maximum aggregate amount of \$250,000 will enhance the potential for the Board to be able to attract and retain appropriately qualified Non Executive Directors. The recommended maximum sum is intended to allow for the potential to appoint an additional Non Executive Director in the future if the need arises. It is not envisaged that any increases to the existing Non Executive Director's fees would exceed a maximum aggregate sum of \$130,000 for all Non Executive Directors in the current financial year.

#### *Voting Exclusion Statement*

The Company will disregard any votes cast in respect of Resolution 4 by a Director of the Company and their respective associates.

However, the Company will not disregard a vote if:

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

## **5. Resolution 5 – Adoption of Loan Share Plan**

The Board is committed to incentivising and retaining the Company's directors, executives and employees in a manner which promotes alignment of their interests with shareholder interests and accordingly wishes the Company to adopt the Loan Share Plan. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources for its research and development programs while still enabling it to offer market-competitive remuneration arrangements.

The Board intends to use the Loan Share Plan, where appropriate, in lieu of options which may otherwise have been granted under the Company's previously approved option plan. This is relevant for Australian residents due to the adverse tax implications on the issuance of options arising from Australian Federal Government's recent tax reforms relating to employee share schemes. For non-Australian residents the Company will continue to issue options under the previously approved Employee Share Option Plan.

The Loan Share Plan is intended to enable participants who reside in Australia to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the shares. A summary of the Loan Share Plan is set out later in these Explanatory Notes.

Mr Michael Stork who is a Non Executive Director who resides in Canada and is therefore not able to participate in the Loan Share Plan recommends that shareholders vote in favour of the resolution. The other Directors abstain from making a recommendation as they are eligible to participate in the Loan Share Plan and therefore have a potential personal interest in the matter. The Chairman intends to vote undirected proxies in favour of the resolution.

## 5.1 Corporations Act

Section 260A of the Corporations Act allows only limited circumstances under which a company may provide financial assistance, such as the provision of loans to employees, to enable the acquisition of shares in itself.

Under Section 260C(4) of the Corporations Act, the approval of an *employee share scheme* (such as the Loan Share Plan) by resolution of shareholders in general meeting of the Company provides the Company with an exemption from the operation of Section 260A and removes the need to secure separate and prior shareholder approval for the granting of each 'financial assistance' to employees to enable them to acquire shares in the Company.

## 5.2 ASX Listing Rules

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 month period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

Listing Rule 7.2 exception 9 provides that an issue of securities under an *employee incentive scheme* does not detract from the available 15% limit under Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than three years before the date of issue. The Loan Share Plan is regarded as an *employee incentive scheme* for the purposes of Listing Rule 7.2.

The Company intends that the issue of shares under the Loan Share Plan not to be included when undertaking the calculation pursuant to Listing Rule 7.1. Accordingly, it is seeking shareholder approval in order for the Company to be able to issue shares pursuant to the Loan Share Plan and have those shares qualify under exception 9 to Listing Rule 7.2.

## 5.3 Information required for Listing Rule 7.2 Exception 9(b)

Listing Rule 7.2 Exception 9(b) requires the information detailed in Sections 5.3(a), (b) and (c) to be provided to members for approval under this resolution:

(a) *Shares already issued*

The Company has not issued any shares pursuant to the Loan Share Plan.

(b) *Loan Share Plan Summary*

The Board administers the Plan and has discretion to make offers of shares pursuant to the rules of the Loan Share Plan (**Plan Rules**) and the terms applicable to those offers.

The Plan Rules enable participation by all Non Executive Directors and employees (which includes Executive Directors) of the Company, who reside in Australia, as determined by the Board. Such individuals may be offered the opportunity to subscribe for ordinary shares in the Company. These shares will not be offered at a discount to their market value.

To facilitate the effective operation of and participation in the Loan Share Plan, the Plan Rules provide for the Company, at its discretion, to offer loans to employees to partially or fully finance the acquisition price of the shares to be issued under the Share Plan (**Loans**). The Board presently intends to provide employees with Loans to cover the full acquisition price, but may, at any time later, change this approach.

Under the Plan Rules, the Company has discretion regarding key terms of any Loans. The Board envisages that the Loans will be interest free and limited recourse such that the Company will accept in full satisfaction of repayment of a Loan, the amount of the market value of the shares (and the after tax amount of any cash dividend or distribution received in respect of these shares) at the time the Loan is due to be repaid in the event that the market value of the shares is less than the amount of the Loan outstanding.

The eligible employee cannot assign his/her rights and obligations under the Loan arrangements or an offer made by the Board under the Loan Share Plan.

Also unless otherwise determined, the Loan period ends on the earlier of:

- (a) 10 years from the date it is provided,
- (b) the date of a change in control in the Company,
- (c) when the shares are disposed of by the 'borrower' in accordance with the Plan Rules, and
- (d) following termination of the participant's employment.

Shares offered under the Loan Share Plan may be subject to Vesting Conditions, Forfeiture Conditions and Disposal Restrictions (collectively referred to as “**Conditions**”) as determined by the Board and specified in the Offer documents sent to participants. The Board has discretion to waive or deem Conditions to have been satisfied.

The Board’s intended policy is that each allocation of shares to each participant be divided into and vest in three equal number tranches (with tranches being rounded to the nearest whole number where required). Shares will be subject to forfeiture if the participant’s appointment/employment is terminated within 12 months as to the 1st tranche, 24 months as to the 2nd tranche and 36 months as to the last tranche. The Board has discretion to waive forfeiture in exceptional circumstances (e.g. redundancy).

Shares may be forfeited if any Vesting Conditions are not or cannot be satisfied or, while the shares are unvested, a participant commits fraud, gross misconduct or a serious breach of obligations relating to the Company’s affairs. If shares are forfeited under the Plan Rules, any proceeds will be used to discharge any outstanding Loans in respect of the shares. A participant is not entitled to any excess proceeds, but is likewise not required to make up any shortfall if the proceeds are insufficient to discharge that participant's outstanding Loans.

Shares cannot be dealt with (including traded on the ASX) unless they are not subject to any Conditions and there is no outstanding Loan on the shares. Subject to the shares not being subject to any Conditions, a Participant may request the Company to sell shares on which Loans are outstanding on the basis that proceeds are first applied towards discharging the Loan. The Loan may be repaid by the Participant at anytime.

The Plan Rules provide for the Company to be able to buy-back (or cancel or direct they be held for other participants) shares generally and also specifically in cases of a change in control, surrender or forfeiture of shares and to discharge Loans which have become repayable. The Company must buy-back shares under certain circumstances where shares are forfeited.

Participants have full entitlements attaching to ordinary shares (including voting and bonus shares) except that the after-tax amount of any cash dividend as well as capital distributions will be applied first against repayment of any Loan which may have been made available to assist the acquisition of the shares.

The Company may (but is not obliged to) use a specific purpose trust and independent trustee to facilitate the operation of the Loan Share Plan and implement any procedures (including a holding lock through the share registry) to enforce Conditions and to monitor compliance with its securities trading policies.

Generally, restricted shares are to be sold by the Company at a price equal to their market value (being the price they are sold on the ASX less any selling costs) or bought back at the weighted average price of shares traded on the ASX on the previous trading day.

The Board has the ability to amend the Plan Rules at any time including with retrospective effect, except for any amendments which affect participants existing entitlements or obligations which require participants' consent, unless the amendment is primarily to comply with its Constitution, applicable laws or to correct manifest errors. The ASX Listing Rules prevail over the Plan Rules in the event of any conflict between them.

Copies of the Plan Rules are available for inspection at the Company's registered office and will be provided without charge to shareholders on request.

(e) *Voting Exclusion Statement*

The Company will disregard any votes cast in respect of Resolution 5 by a Director of the Company and their respective associates.

However, the Company will not disregard a vote if:

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

## **6. Resolution 6 – Issue of up to 475,000 shares to Mr Daniel Devine under Loan Share Plan**

### **6.1 Reason for issue and Board recommendation**

Subject to shareholder approval, the Board proposes to issue up to 475,000 ordinary shares to Mr Devine in accordance with his re-newed employment agreement which was entered into on 25 August 2009.

The shares will be issued under the terms of the Loan Share Plan as detailed in the Explanatory Notes to Resolution 5. The Board has subject to Patrys shareholder approval resolved to issue Mr Devine the shares at an issue price based on the 5 day VWAP immediately prior to the date of issue. The total value of the shares to be issued when calculated in accordance with the industry standard Black & Scholes valuation methodology on the date the offer is to be made is equal to \$40,373 provided the maximum number of shares which may be issued is 475,000. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Mr Devine to enable him to acquire the shares in accordance with the rules of the Loan Share Plan (**Plan Rules**).

The Board views the issue as being in line with corporate remuneration of similar companies.

The Board (except for Mr Devine) unanimously recommends that shareholders vote in favour of Resolution 6.

## 6.2 Part 2E of the Corporations Act 2001 (Cth) – Related Party Transaction

The following information is provided in accordance with Section 219 of the *Corporations Act 2001 (Cth)*:

- (a) The related party to whom the proposed resolution will permit a financial benefit to be given:  
Mr Daniel Devine, the Chief Executive Officer of the Company.
- (b) The nature of the financial benefit:  
The issue of up to 475,000 ordinary shares in the Company and the provision of an interest free, limited recourse loan by the Company to Mr Devine to fund the issue.
- (c) Recommendations by each of the Directors of the Company:  
Each of the Directors of the Company (other than Mr Devine) recommends the proposed issue of shares and the corresponding loan to Mr Devine.
- (d) In relation to each such Director, their interests in Resolution 6:  
Apart from Mr Devine, none of the Directors of the Company has any interest in the outcome of Resolution 6.
- (e) All other information that would be required by members in order to decide whether or not it is in the Company's best interest to pass Resolution 6:
- (i) As at the date of this Notice of Patrys 2009 Annual General Meeting, the annual remuneration payable to Mr Devine is detailed on page 25 of the Company's Annual Report;
- (ii) As at the date of this Notice of Patrys 2009 Annual General Meeting, Mr Devine's notifiable interests in the securities of the Company (excluding the shares the subject of this resolution) are as follows:

<b>No. Securities</b>	<b>Directly held</b>	<b>Indirectly held</b>
<i>Ordinary Shares</i>	14,407,272	Nil
<i>Options</i>	Nil	Nil

## 6.3 ASX Listing Rules

In order for a listed Company to obtain the approval of ordinary shareholders as required by Listing Rule 10.14, Listing Rule 10.15 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:  
Mr Daniel Devine, the Chief Executive Officer of the Company
- (b) The maximum number of securities to be issued to the person:  
The number of shares to be issued is to be calculated on the day of offer in accordance with the industry standard Black & Scholes valuation methodology being equal to \$40,373 provided the maximum number of shares which may be issued is 475,000.

- (c) The date by which the entity will issue the securities:

Subject to the resolution being passed no later than 5 Business Days following the date of this Patrys 2009 Annual General Meeting.

- (d) The issue price of the securities and a statement of the terms of the issue:

- (i) The issue price will be based on the 5 day VWAP immediately prior to the date of issue. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Mr Devine to enable him to acquire the shares in accordance with the Plan Rules.
- (ii) The shares will vest in 3 tranches over 3 years, as follows
- (A) 1/3 shares vest on the first anniversary of the issue date;
- (B) a further 1/3 shares vest on the second anniversary of the issue date; and
- (C) the remaining 1/3 shares vest on the third anniversary of the issue date.
- (iii) An interest free limited recourse loan will be advanced to Mr Devine for him to acquire the shares.
- (iv) The loan must be repaid in full 5 years after the third tranche of the shares have vested. The Company will accept in full satisfaction of repayment of a loan, the amount of the market value of the shares at the time the loan is due to be repaid in the event that the market value of the shares is less than the amount of the loan outstanding.
- (v) On the sale of shares the loan advanced to acquire those shares must be repaid.
- (vi) The shares cannot be dealt with unless they are not subject to any Conditions and there is no outstanding loan on the shares. Subject to the shares not being subject to any Conditions, Mr Devine may request the Company to sell the shares on the basis that proceeds are first applied towards discharging the loan.
- (vii) If Mr Devine ceases to be an employee of the Company, all shares that have not vested will be forfeited in accordance with the Plan Rules and Mr Devine will have no right to the proceeds from the sale of these shares. In the case of shares that have vested Mr Devine will have a six month period from the date of the termination of his employment to either repay any outstanding loan or request the Company to sell the shares as outlined in point (vi) above.
- (viii) The shares rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue of the shares.

#### 6.4 Voting Exclusion Statement

The Company will disregard any votes cast in respect of **Resolution 6** by a Director of the Company and their respective associates.

However, the Company need not disregard a vote if:

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

## 6.5 Valuation of shares

The shares are to be valued on the date of offer utilising the Black Scholes valuation methodology so that the aggregate value is equal to \$40,373. In undertaking this valuation the Company will adopt a volatility rate of 75% and the interest rate available from the NAB on the date of issue for the term of the loan to be offered.

## 7. Resolution 7 – Issue of up to 176,478 shares to Mr John Read under Loan Share Plan

### 7.1 Reason for issue and Board recommendation

Subject to shareholder approval, the Board proposes to issue up to 176,478 ordinary shares to Mr Read in accordance with its decision made on 18 September 2009.

The shares will be issued under the terms of the Loan Share Plan as detailed in the Explanatory Notes to Resolution 5. The Board has subject to Patrys shareholder approval resolved to issue Mr Read the shares at an issue price based on the 5 day VWAP immediately prior to the date of issue. The total value of the shares to be issued when calculated in accordance with the industry standard Black & Scholes valuation methodology on the date the offer is to be made is equal to \$15,000 provided the maximum number of shares which may be issued is 176,478. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Mr Read to enable him to acquire the shares in accordance with the Plan Rules.

The Board views the issue as being consistent with remuneration policies for directors of comparable companies.

The Board (except for Mr Read) unanimously recommends that shareholders vote in favour of Resolution 7.

### 7.2 Part 2E of the Corporations Act 2001 (Cth) – Related Party Transaction

The following information is provided in accordance with Section 219 of the *Corporations Act 2001 (Cth)*:

- (a) The related party to whom the proposed resolution will permit a financial benefit to be given:  
Mr John Read, the Non Executive Chairman of the Company.
- (b) The nature of the financial benefit:  
The issue of up to 176,478 ordinary shares in the Company and the provision of an interest free, limited recourse loan by the Company to Mr Read to fund the issue.
- (c) Recommendations by each of the Directors of the Company:  
Each of the Directors of the Company (other than Mr Read) recommends the proposed issue of shares and the corresponding loan to Mr Read.
- (d) In relation to each such Director, their interests in Resolution 7:

Apart from Mr Read, none of the Directors of the Company has any interest in the outcome of Resolution 7.

- (e) All other information that would be required by members in order to decide whether or not it is in the Company's best interest to pass Resolution 7:
- (i) As at the date of this Notice of Patrys 2009 Annual General Meeting, the annual remuneration payable to Mr Read is detailed on page 25 of the Company's Annual Report;
  - (ii) As at the date of this Notice of Patrys 2009 Annual General Meeting, Mr Read's notifiable interests in the securities of the Company (excluding the shares the subject of this resolution) are as follows:

<b>No. Securities</b>	<b>Directly held</b>	<b>Indirectly held</b>
<i>Ordinary Shares</i>	5,834	285,836
<i>Options</i>	1,100,000	Nil

### 7.3 ASX Listing Rules

In order for a listed Company to obtain the approval of ordinary shareholders as required by Listing Rule 10.14, Listing Rule 10.15 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:  
Mr John Read, the Non Executive Chairman of the Company.
- (b) The maximum number of securities to be issued to the person:  
The number of shares to be issued is to be calculated on the day of offer in accordance with the industry standard Black & Scholes valuation methodology being equal to \$15,000 provided the maximum number of shares which may be issued is 176,478.
- (c) The date by which the entity will issue the securities:  
Subject to the resolution being passed no later than 5 Business Days following the date of this Patrys 2009 Annual General Meeting.
- (d) The issue price of the securities and a statement of the terms of the issue:
  - (i) The issue price will be based on the 5 day VWAP immediately prior to the date of issue. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Mr Read to enable him to acquire the shares in accordance with the Plan Rules.
  - (ii) The shares will vest in 3 tranches over 3 years, as follows
    - (A) 1/3 shares vest on the first anniversary of the issue date;
    - (B) a further 1/3 shares vest on the second anniversary of the issue date; and
    - (C) the remaining 1/3 shares vest on the third anniversary of the issue date.

- (iii) An interest free limited recourse loan will be advanced to Mr Read for him to acquire the shares.
- (iv) The loan must be repaid in full 5 years after the third tranche of the shares have vested. The Company will accept in full satisfaction of repayment of a loan, the amount of the market value of the shares at the time the loan is due to be repaid in the event that the market value of the shares is less than the amount of the loan outstanding.
- (v) On the sale of shares the loan advanced to acquire those shares must be repaid.
- (vi) The shares cannot be dealt with unless they are not subject to any Conditions and there is no outstanding loan on the shares. Subject to the shares not being subject to any Conditions, Mr Read may request the Company to sell the shares on the basis that proceeds are first applied towards discharging the loan.
- (vii) If Mr Read ceases to be a director of the Company, all shares that have not vested will be forfeited in accordance with the Plan Rules and Mr Read will have no right to the proceeds from the sale of these shares. In the case of shares that have vested Mr Read will have a six month period from the date of the cessation of his appointment to either repay any outstanding loan or request the Company to sell the shares as outlined in point (vi) above.
- (viii) The shares rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue of the shares.

#### **7.4 Voting Exclusion Statement**

The Company will disregard any votes cast in respect of **Resolution 7** by a Director of the Company and their respective associates.

However, the Company need not disregard a vote if:

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

#### **7.5 Valuation of shares**

The shares are to be valued on the date of offer utilising the Black Scholes valuation methodology so that the aggregate value is equal to \$15,000. In undertaking this valuation the Company will adopt a volatility rate of 75% and the interest rate available from the NAB on the date of issue for the term of the loan to be offered

### **8. Resolution 8 – Issue of up to 88,239 shares to Dr Alan Robertson under Loan Share Plan**

#### **8.1 Reason for issue and Board recommendation**

Subject to shareholder approval, the Board proposes to issue up to 88,239 ordinary shares to Dr Robertson in accordance with its decision made on 18 September 2009.

The shares will be issued under the terms of the Loan Share Plan as detailed in the Explanatory Notes to Resolution 5. The Board has subject to Patrys shareholder approval resolved to issue Dr Robertson the shares at an issue price based on the 5 day VWAP immediately prior to the date of issue. The total value of the shares to be issued when calculated in accordance with the industry standard Black & Scholes valuation methodology on the date the offer is to be made is equal to \$7,500 provided the maximum number of shares which may be issued is 88,239. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Dr Robertson to enable him to acquire the shares in accordance with the Plan Rules.

The Board views the issue as being consistent with remuneration policies for directors of comparable companies.

The Board (except for Dr Robertson) unanimously recommends that shareholders vote in favour of Resolution 8.

## 8.2 Part 2E of the Corporations Act 2001 (Cth) – Related Party Transaction

The following information is provided in accordance with Section 219 of the *Corporations Act 2001 (Cth)*:

- (a) The related party to whom the proposed resolution will permit a financial benefit to be given:

Dr Alan Robertson, a Non Executive Director of the Company.

- (b) The nature of the financial benefit:

The issue of up to 88,239 ordinary shares in the Company and the provision of an interest free, limited recourse loan by the Company to Dr Robertson to fund the issue.

- (c) Recommendations by each of the Directors of the Company:

Each of the Directors of the Company (other than Dr Robertson) recommends the proposed issue of shares and the corresponding loan to Dr Robertson.

- (d) In relation to each such Director, their interests in Resolution 8:

Apart from Dr Robertson, none of the Directors of the Company has any interest in the outcome of Resolution 8.

- (e) All other information that would be required by members in order to decide whether or not it is in the Company's best interest to pass Resolution 8:

- (i) As at the date of this Notice of Patrys 2009 Annual General Meeting, the annual remuneration payable to Dr Robertson is detailed on page 25 of the Company's Annual Report;

- (ii) As at the date of this Notice of Patrys 2009 Annual General Meeting, Dr Robertson's notifiable interests in the securities of the Company (excluding the shares the subject of this resolution) are as follows:

<b>No. Securities</b>	<b>Directly held</b>	<b>Indirectly held</b>
<i>Ordinary Shares</i>	Nil	Nil
<i>Options</i>	550,000	Nil

### 8.3 ASX Listing Rules

In order for a listed Company to obtain the approval of ordinary shareholders as required by Listing Rule 10.14, Listing Rule 10.15 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The name of the person to whom the securities will be issued:  
Dr Alan Robertson, a Non Executive Director of the Company
- (b) The maximum number of securities to be issued to the person:  
The number of shares to be issued is to be calculated on the day of offer in accordance with the industry standard Black & Scholes valuation methodology being equal to \$7,500 provided the maximum number of shares which may be issued is 88,239.
- (c) The date by which the entity will issue the securities:  
Subject to the resolution being passed no later than 5 Business Days following the date of this Patrys 2009 Annual General Meeting.
- (d) The issue price of the securities and a statement of the terms of the issue:
  - (i) The issue price will be based on the 5 day VWAP immediately prior to the date of issue. An interest free limited recourse loan equal to the total issue price will be provided by the Company to Dr Robertson to enable him to acquire the shares in accordance with the Plan Rules. .
  - (ii) The shares will vest in 3 tranches over 3 years, as follows
    - (A) 1/3 shares vest on the first anniversary of the issue date;
    - (B) a further 1/3 shares vest on the second anniversary of the issue date; and
    - (C) the remaining 1/3 shares vest on the third anniversary of the issue date.
  - (iii) An interest free limited recourse loan will be advanced to Dr Robertson for him to acquire the shares.
  - (iv) The loan must be repaid in full 5 years after the third tranche of the shares have vested. The Company will accept in full satisfaction of repayment of a loan, the amount of the market value of the shares at the time the loan is due to be repaid in the event that the market value of the shares is less than the amount of the loan outstanding.
  - (v) On the sale of shares the loan advanced to acquire those shares must be repaid.
  - (vi) The shares cannot be dealt with unless they are not subject to any Conditions and there is no outstanding loan on the shares. Subject to the shares not being subject to any Conditions, Dr Robertson may request the Company to sell the shares on the basis that proceeds are first applied towards discharging the loan.

- (vii) If Dr Robertson ceases to be a director of the Company, all shares that have not vested will be forfeited in accordance with the Plan Rules and Dr Robertson will have no right to the proceeds from the sale of these shares. In the case of shares that have vested Dr Robertson will have a six month period from the date of the cessation of his appointment to either repay any outstanding loan or request the Company to sell the shares as outlined in point (vi) above.
- (viii) The shares rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue of the shares.

#### **8.4 Voting Exclusion Statement**

The Company will disregard any votes cast in respect of **Resolution 8** by Director of the Company and their respective associates.

However, the Company need not disregard a vote if:

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

#### **8.5 Valuation of shares**

The shares are to be valued on the date of offer utilising the Black Scholes valuation methodology so that the aggregate value is equal to \$7,500. In undertaking this valuation the Company will adopt a volatility rate of 75% and the interest rate available from the NAB on the date of issue for the term of the loan to be offered

### **Further information**

The Directors of the Company are not at this juncture aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in the Notice of General Meeting.

The Directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

000001 000 PAB  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 4:00pm (Melbourne time) Wednesday 25 November 2009

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Patrys Limited hereby appoint

the Chairman of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 Patrys Limited to be held at Middletons, Level 25, 525 Collins Street, Melbourne, Victoria on Friday 27 November 2009 at 4:00 pm (Melbourne time) and at any adjournment of that meeting.

**Important for Items 4, 5, 6, 7 & 8 :** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 4, 5, 6, 7 & 8 below, please mark the box in this section. 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 4, 5, 6, 7 & 8 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of items 4, 5, 6, 7 & 8 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

### STEP 2 Items of Business



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

#### General Business

	For	Against	Abstain
Item 2 Adoption of the Remuneration Report (Non Binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Mr Michael Stork as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Special Business

	For	Against	Abstain
Item 4 Establishment of Non Executive Directors' Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Adoption of the Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Issue of up to 475,000 shares to Daniel Devine, Chief Executive Officer, under Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Issue of up to 176,478 shares to Mr John Read, Non Executive Chairman, under Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 Issue of up to 88,239 shares to Dr Alan Robertson, Non Executive Director, under Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_