

# **Patrys Limited**

**ACN 123 055 363**

## **Notice of 2013 Annual General Meeting**

To be held at BDO, Level 11, 1 Margaret Street, Sydney, New South Wales  
on Wednesday, 23 October 2013 at 11 am (Sydney time)

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

**Notice of Annual General Meeting**

Notice is given that the 2013 Annual General Meeting of the members of Patrys Limited (**Company**) will be held at BDO, Level 11, 1 Margaret Street, Sydney, New South Wales on Wednesday, **23 October 2013** at 11 am (Sydney time) for the purpose of considering and, if thought appropriate, passing the following resolutions.

**General Business**

**1. Receipt and Consideration of Financial Statements and Reports**

To receive and consider the Financial Statements of the Company and its controlled entities for the year ended 30 June 2013, together with the Directors' Report (other than Remuneration Report) and the Independent Audit Report as set out in the Annual Report 2013.

**2. Resolution 1 – 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 2013 as set out in the Annual Report 2013".

*\*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 2 – Re-election of Dr. Alan Robertson as a Non-Executive 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 Dr. Alan Robertson 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 3 – Approval of Executive Share Option Plan**

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

"That, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes shareholders approve with effect from the close of this Meeting the Company's Executive Share Option Plan (**ESOP**) (copies of the Plan Rules are available for inspection at the Company's registered office) and the issue of options by the Board in its discretion in accordance with the provisions of that ESOP."

**5. Resolution 4 – Listing Rule 7.1A (Placement of Additional Securities)**

To consider, and if thought fit, pass the following resolution as a special resolution:

"That approval be given to the issue of equity securities of the Company, under and pursuant to ASX Listing Rule 7.1A."

**6. Resolution 5 – Renewal of Proportional Bid provisions in the Constitution**

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That for the purposes of Section 648G(4) of the *Corporations Act 2001(Cth)* and for all other purposes the members of the Company approve the renewal of Clause 13 of the Company's Constitution."

## 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 (Sydney time) on Monday, 21st October 2013.

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 11 am (Sydney time) on Monday, 21st October 2013:

- (a) by posting it in the reply paid envelope to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001; or delivering it to Computershare Investor Services Pty Limited at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria; **or**
- (b) by faxing it to Computershare Investor Services Pty Limited facsimile (within Australia) 1800 783 447, (outside Australia) +613 9473 2555; **or**
- (c) for Intermediary Online subscribers only (custodians), electronically by visiting [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 2001* (Cth) (**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 and the Explanatory Notes which accompany this Notice of Meeting, it is the intention of the Chairman of the Meeting to vote all available proxies in favour of all resolutions. Pursuant to the Corporations Act and the ASX Listing Rules the proxy form is required to contain certain disclosures regarding the voting intentions of the Chairman regarding undirected proxies. **Members are advised to read the proxy form and Explanatory Notes 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  
18 September 2013

**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 2013 Annual General Meeting (**AGM**) to be held at BDO, Level 11, 1 Margaret Street, Sydney, New South Wales on Wednesday, **23 October 2013** at 11 am (Sydney time).

## **General Business**

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

Section 317 of the 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 2013 to be laid before the AGM. There is no requirement either in the Corporations Act or in the Company's Constitution for members to approve these reports (other than the Remuneration Report which forms part of the Directors' Report). Members will have a reasonable opportunity at the meeting to ask questions and comment on these reports and on the Company's business and operations.

Members 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 1 - Adoption of Remuneration Report (Non-binding Resolution)**

The Remuneration Report, which explains the Board's policies in relation to the nature and level of remuneration paid to Directors and senior management ("**Key Management Personnel**" or "**KMP**") of the Company and which sets out remuneration details for each KMP, forms part of the Directors' Report on pages 15 to 22 (inclusive) of the Financial Report for the year ended 30 June 2013 which is available on the Company's website at [www.patrys.com](http://www.patrys.com). If requested a printed copy of the Financial Report has been sent to members with this Notice of Meeting and Explanatory Notes.

The Remuneration Report:

- explains the Board's policies in respect of the nature and level of remuneration paid to each KMP 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 KMP; and
- makes clear that the basis for remunerating Non Executive Directors is distinct from the basis for remunerating executives and Executive Directors.

As required under section 250R(2) of the Corporations Act, a resolution will be put to members to adopt the Remuneration Report. Members should note that the vote on this resolution is advisory only and is not binding on the Board or the Company. Members will be given the opportunity to ask questions about or make comments on the Remuneration Report.

Under reforms to the Corporations Act which apply to the AGM, if 25% or more of the votes cast on this Resolution are against adoption of the Remuneration Report, the Company will be required to consider, and report to members on, what action (if any) has been taken to address members' concerns at the 2014 AGM. Depending on the outcome of voting at the 2014 AGM on the Company's Remuneration Report, members may be required to consider a resolution to call another general meeting in accordance with the Corporations Act at which the Directors who held office at the date of the Directors' Report (excluding the Managing Director) will be required to seek re-election.

The Directors unanimously recommend members vote in favour of adopting the Remuneration Report, the subject of Resolution 1.

In accordance with the Corporations Act, a member of the Company's KMP and closely related parties of a KMP, whose remuneration is included in the Remuneration Report, will not be eligible to vote on Resolution 1, except if the person:

- (a) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; **and**
- (b) the vote is not cast on behalf of a person who is KMP or a closely related party of a KMP.

The Chairman in his capacity as proxy holder intends to vote all undirected proxies in favour of this Resolution 1.

### **3. Resolution 2 – Re-election of Dr. Alan Robertson as a Non-Executive 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 AGM 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 AGM 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 was appointed to the Board in February 2007. Mr. Read and Dr. Robertson were appointed to the Board in May 2007. Ms. Jones was appointed to the Board in December 2011. Dr. Robertson (along with Messrs Stork and Read) was re-elected by the members as a Director of the Company at the Patrys 2007 AGM held on 20 November 2007. Mr. Read was last re-elected by the members as a Director of the Company at the Patrys 2011 AGM held on 30 November 2011. Ms. Jones and Mr. Stork were last re-elected by the members as Directors of the Company at the Patrys 2012 AGM held on 31 October 2012. Dr. Robertson was last re-elected by the members as a Director of the Company at the Patrys 2010 AGM held on 29 October 2010.

In accordance with Clause 15.3 of the Constitution of the Company, one of the four Non-Executive Directors (Ms. Jones, Messrs Stork and Read and Dr. Robertson) must retire at this AGM. Dr. Robertson being the longest in office since last being re-elected, is due to retire and being eligible for re-election and has submitted himself for re-election at the Patrys 2013 AGM.

A summary of Dr. Robertson's experience, qualifications and background is provided on page 14 of the Company's 2013 Financial 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/annualreport/2013.pdf](http://www.patrys.com/annualreport/2013.pdf).

The Directors (in the absence of Dr. Alan Robertson) unanimously recommend that members vote in favour of the re-election of Dr. Alan Robertson.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of this Resolution 2.

## Special Business

### 4. Resolution 3 – Adoption of Executive Share Option Plan

#### 4.1 Background

At the 2010 AGM members approved the Executive Share Option Plan (**ESOP**). 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. 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 while still enabling it to offer market-competitive remuneration arrangements.

The ESOP is regarded as an *employee incentive scheme* for the purposes of Listing Rule 7.2. A copy of the ESOP will be provided without charge to members on request.

The Board intends, where appropriate, to continue to use both the ESOP to issue options and the Loan Share Plan (**LSP**) (approved at the Patrys 2012 AGM) to issue shares to eligible participants of each plan.

Approval of the ESOP and any options to be issued pursuant to the ESOP is sought pursuant to Listing Rule 7.2, Exception 9(b). Further details relating to Listing Rules requirements are set out in clause 4.2 below.

The ESOP is intended to enable participants to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the options. A summary of the ESOP is set out later in these Explanatory Notes.

Any issue of shares under the ESOP to Directors, or their associates, will still require approval by members under Listing Rule 10.14.

#### 4.2 ASX Listing Rules

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without prior obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 9(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the ESOP have been approved by members within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this Resolution 3 in order for the Company to continue to be able to issue options pursuant to the ESOP and have those options qualify under Listing Rule 7.2 exception 9 for a further 3 years from the date of approval.

The Board intends that the issue of options under the ESOP continue to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking member re-approval of the ESOP in order that the issue of shares pursuant to the ESOP will continue to qualify as an exception to Listing Rule 7.1 under exception 9(b) to Listing Rule 7.2.

#### 4.3 Information required for Listing Rule 7.2, exception 9(b)

Listing Rule 7.2, exception 9(b) requires the information detailed in Sections 4.3(a), (b) and (c) to be provided to members:

(a) *Options already issued*

Since the adoption of the ESOP the Company has issued 7,817,640 options under the ESOP. A total of 3,809,581 options issued under the ESOP have been cancelled, lapsed or expired since being issued. No options issued under the ESOP have to date been exercised. Currently there are 4,008,059 options issued pursuant to the ESOP.

*(b) Summary of Terms and Conditions of the Company's Executive Share Option Plan*

Selected employees of the Company and its subsidiaries (**Group**) and the Directors (collectively the **Participants**) are eligible to participate in the ESOP at the absolute discretion of the Company's Board of Directors (**Board**).

The aggregate number of shares which may be issued upon the exercise of options issued pursuant to the ESOP (**Plan Shares**) shall not at any time exceed 5% of the total number of issued shares of the Company.

Shares allotted and issued under the Plan must rank equally in all respects with other shares from the date of allotment and issue, subject to the satisfaction of any applicable disposal restrictions.

The vesting date, expiry date, exercise price and exercise period in relation to an option issued under the ESOP are determined by the Board in its discretion.

The above is only a summary of the main features of the ESOP. A full copy of the ESOP is available for inspection at the Company's registered office and will be provided without charge to shareholders on request.

*(c) Voting Exclusion*

The Company will disregard any votes cast in respect of Resolution 3 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.

#### **4.4 Recommendation for Resolution 3**

As the Directors of Patrys are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the ESOP.

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

### **5. Resolution 4 – Listing Rule 7.1A (Placement of Additional Securities)**

#### **5.1 Background**

By Resolution 4 the Company is seeking member approval, by special resolution, for the purposes of ASX Listing Rule 7.1A. Presently, the Company can issue up to 15% of its issued capital in any 12 month period without needing to seek member approval. Under ASX Listing Rule 7.1A, the Company can issue up to an additional 10% of its issued capital over a 12 month period if it obtains the prior approval of members. Upon receiving member approval, the equity securities issued pursuant to ASX Listing Rule 7.1A will not be included in the calculation of the Company's 15% entitlement under ASX Listing Rule 7.1.

#### **5.2 Eligibility**

In order to seek member approval under ASX Listing Rule 7.1A, the Company must have a market capitalisation of \$300 million or less, and not be included in the S&P/ASX 300 Index as at the date that the AGM is held.

If the Company does not meet the eligibility criteria on the date of the AGM, the special resolution will be withdrawn and members will not be required to vote on the resolution.

### 5.3 Information required under ASX Listing Rule 7.3A

ASX Listing Rule 7.3A requires that the following information be provided to members:

- the minimum price at which equity securities issued under ASX Listing Rule 7.1A may be issued:

*no less than 75% of the volume weighted average price for the equity securities calculated over the 15 trading days on which trades in those equity securities were recorded immediately before:*

- (i) *the date on which the price at which the equity securities are to be issued is agreed; or*
  - (ii) *if the equity securities are not issued within 5 trading days of the date in paragraph (i), the date on which the equity securities are issued.*
- members should be aware that if approval is given to the Company to issue the equity securities, existing ordinary security holders risk economic and voting dilution, including the risk that:
    - (i) the market price for the equity securities may be significantly lower on the actual issue date of the equity securities than on the date that members give approval under ASX Listing Rule 7.1A; and
    - (ii) the equity securities may be issued at a price that is a discount to the market price for those equity securities on the issue date.

- the final date by which the equity securities will be issued under ASX Listing Rule 7.1A:

*23 October 2014, the date being 12 months after the date of shareholder approval of Resolution 4 at the 2013 AGM. However, if members approve a transaction under ASX Listing Rule 11.1.2 (change of activities) or 11.2 (disposal of main undertaking), the shareholder approval given pursuant to Resolution 4 under ASX Listing Rule 7.1A will cease to be valid.*

- the purposes for which the equity securities may be issued under ASX Listing Rule 7.1A:

*At the date of this Notice of Meeting the Company has not identified any persons to whom it intends to offer securities under Listing Rule 7.1A. In the event that the Company issues any shares under Listing Rule 7.1A, the funds raised from such an issue would be used by the Company to advance its lead products, support potential partnering arrangements and provide working capital. In addition while no transactions are currently contemplated it is possible that securities issued under Listing Rule 7.1A may be issued for non-cash consideration.*

- the Company's allocation policy for issues under ASX Listing Rule 7.1A:

*At the date of this Notice of Meeting the Company has not identified any persons to whom it intends to offer securities under Listing Rule 7.1A. In the event that the Company issues any securities under Listing Rule 7.1A, those securities could be offered to existing or new security holders or both.*

- the table below shows the dilution of existing members on the basis of the current market price of the shares and the current number of ordinary securities.

The table also shows:

- (i) two examples where the number of securities on issue has increased by 50% and 100% from the number currently on issue. The number of securities on issue may increase as a result of issue of ordinary securities that do not require member approval (for example, a pro rata entitlement issue) or future specific placements under Listing Rule 7.1 that are approved at a future meeting of members; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Number of Shares on Issue		Dilution		
		\$0.18 50% decrease in Issue Price	\$0.37 Issue Price	\$0.55 50% increase in Issue Price
507,362,177 (Current)	10% Voting Dilution	50,736,218 Shares	50,736,218 Shares	50,736,218 Shares
	Funds Raised	\$913,252	\$1,877,240	\$2,790,492
761,043,266 (50% increase)	10% Voting Dilution	76,104,326 Shares	76,104,326 Shares	76,104,326 Shares
	Funds Raised	\$1,369,878	\$2,815,860	\$4,185,738
1,014,724,354 (100% increase)	10% Voting Dilution	101,472,435 Shares	101,472,435 Shares	101,472,435 Shares
	Funds Raised	\$1,826,504	\$3,754,480	\$5,580,984

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of equity securities available under the 10% Listing Rule 7.1A placement approval.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of the dilution that may be caused to a particular shareholder by reasons on placements under the 10% Listing Rule 7.1A placement approval, based on that shareholder's holding at the date of the meeting.
- (iv) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of equity securities under the 10% Listing Rule 7.1A placement approval consists only of shares. If the issue of equity securities includes options, it is assumed that those options are exercised into shares for the purpose of calculating the voting dilution effect on existing shareholders.
- (vi) The issue price of \$0.037 is the closing price of the Shares on the ASX on 4 September 2013.
- equity securities issued within the 12 month period preceding 23 October 2013:

*On the 2 November 2012 the Company issued 75,000 ordinary shares and 375,000 options over ordinary shares to directors and employees under the Loan Share Plan and the Executive Share Option Plan respectively. The shares were issued to an employee at a price of 3 cents per share. The options were issued to Dr. Marie Roskrow (the Managing Director), following approval at the 2012 AGM held on 31 October 2012, with an exercise price of 3 cents each. The total of 450,000 securities represents 0.09% of the issued capital at the date of issue. At the date of this notice, no other equity securities have been issued within the 12 month period preceding 23 October 2013.*

#### 5.4 Voting majority

This Resolution 4 is a special resolution and, as a result, must be passed by at least 75% of all the votes cast by members entitled to vote (whether in person or by proxy, attorney or, in the case of a corporate member, by corporate representative).

#### 5.5 Recommendation for Resolution 4

The Company's Directors unanimously recommend that members approve Resolution 4.

#### 5.6 Voting Exclusion Statement

The Company has not identified any proposed allottees of the equity securities, or any person who may obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares) if Resolution 4 is passed. Therefore no persons will be excluded from voting and no votes will be disregarded.

### 6. Resolution 5 – Renewal of Proportional Bid Provisions of the Constitution

Clause 13 of the Company's Constitution contains provisions dealing with member approval requirements if there was to be any proportional takeover bids for the Company's securities (**Proportional Bid Provisions**).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each holds.

Part 6.5 Subdivision 5C of the Corporations Act provides that these Proportional Bid Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Bid Provisions of the Company's Constitution (Clause 13) be renewed.

In seeking the members' approval for the renewal of the Proportional Bid Provisions, the Corporations Act requires the below information to be provided to members.

#### 6.1 Effect of provisions proposed to be renewed

Clause 13 of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proposed transfer has been approved by the members at a general meeting of the Company (**Approving Resolution**). The person making the offer for the securities (**Offeror**) (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than 50% of members who are entitled to vote at that meeting.

Clause 13 also provides that:

- (a) If an Approving Resolution is not voted upon within 14 days of the end of the bid period, the Approving Resolution is deemed approved, and
- (b) If the Approving Resolution is rejected, all unaccepted offers under the proportional takeover bid are deemed withdrawn and the Offeror must rescind each contract created as a result of the acceptance of an offer under that proportional takeover bid.

#### 6.2 Reasons for the resolution

Clause 13 of the Constitution is required to be renewed as more than 3 years have passed since the last renewal of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Clause 13 cease to apply at the end of 3 years from their adoption (or their last renewal). Section 648(G)(4) enables the members to approve a renewal of Proportional Bid Provisions.

The Directors believe that the members should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Clause 13 needs to be renewed. If Clause 13 is renewed and any proportional takeover bid (if any) is subsequently approved by members, each member will still have the right to make a separate decision whether that member wishes to accept the (proportional takeover) bid for their own securities.

### **6.3 Awareness of current acquisition proposals**

As at the date of these Explanatory Notes, none of the Directors is aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company from its current level.

### **6.4 Advantages and disadvantages of the Proportional Bid Provisions since last renewed**

As there have been no takeover bids made for any of the shares in the Company since the last renewal of the Proportional Bid Provisions, there has been no application of Clause 13. It may be argued that the potential advantages and disadvantages described at item 6.5 below have also applied for the period since adoption of Clause 13.

### **6.5 Potential advantages and disadvantages of the proposed resolution for both directors and shareholders**

An advantage to the directors of renewing the Proportional Bid Provisions is that the Board will be able to assess the member's acceptance or otherwise of a proportional takeover bid should one be made.

As stated at item 6.2 above, renewing Clause 13 provides the members with the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 13 is not renewed, members will not have this opportunity.

On the other hand, it may be argued that the renewal of Clause 13 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bids being made and reduce the freedom for members to sell some of their securities.

### **6.6 Recommendation for Resolution 5**

Balancing the above advantages and disadvantages, the Directors are of the view that the advantages of renewing the Proportional Bid Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, Shareholder approval is sought pursuant to this Resolution 5.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 5.

## **Further information**

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.

**Lodge your vote:**



**By Mail:**

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

Alternatively you can fax your form to  
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000001 000 PAB  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 11:00am (Sydney time) Monday, 21 October 2013**

### 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. Delete titles as applicable.

### 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** →



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- 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Patrys Limited to be held at BDO, Level 11, 1 Margaret Street, Sydney, New South Wales on Wednesday, 23 October 2013 at 11:00am (Sydney time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 & 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 & 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** For Resolution 3, this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box in step 2 below.

**Important for Resolution 3:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 3 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolution 3, the Chairman of the Meeting will not cast your votes on Resolution 3 and your votes will not be counted in computing the required majority if a poll is called on this resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolution 3 and that votes cast by the Chairman, 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.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report (Non Binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Dr. Alan Robertson as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Executive Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Listing Rule 7.1A (Placement of Additional Securities)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Renewal of Proportional Bid provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>

Sole Director and Sole Company Secretary      Director      Director/Company Secretary

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_