

Patrys Limited

ACN 123 055 363

Notice of Extraordinary General Meeting

To be held at Arnold Bloch Leibler, Level 24 Chifley Tower, 2 Chifley Square, Sydney, New South
Wales
on Wednesday, 11 January 2012 at 11 am (AEDT)

THIS IS AN IMPORTANT DOCUMENT

**If you are in doubt as to what to do with this document please
immediately see your legal adviser, financial adviser or stockbroker**

Patrys Limited
ACN 123 055 363

Notice of Extraordinary General Meeting

Notice is given that an extraordinary general meeting of the members of Patrys Limited (**Company**) will be held at Arnold Bloch Leibler, Level 24 Chifley Tower, 2 Chifley Square, Sydney, New South Wales on Wednesday, **11 January 2012** at 11 am (AEDT) for the purpose of considering and, if thought appropriate, passing the following resolutions.

1. Resolution 1 – Ratification of the Prior Placement of Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, the members of the Company approve and ratify the Company's allotment and issue on 8 December 2011 of 37,000,000 fully paid ordinary shares in the capital of the Company credited as fully paid to institutional and sophisticated investors (being persons described in Section 708(8) and 708(10) of the *Corporations Act 2001*) at an issue price of \$0.03 on the terms and conditions set out in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting."

2. Resolution 2 – Approval to Issue Shares to Sophisticated Investors

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, that the members of the Company approve the Company's proposed private placement and issue of up to 76,600,000 fully paid ordinary shares in the capital of the Company credited as fully paid to institutional and sophisticated investors (being persons described in Section 708(8) and 708(10) of the *Corporations Act 2001*) at an issue price of \$0.03 on the terms and conditions set out in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting"

3. Resolution 3 – Approval of Share Issue to Stork Holdings 2010 Ltd.

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is granted for the issue to Stork Holdings 2010 Ltd. of 26,666,667 fully paid ordinary shares in the capital of the Company credited as fully paid at an issue price of \$0.03 per share, the material terms of which are stated in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting."

4. Resolution 4 – Approval of Share Issue to Cannington Corporation Pty Ltd.

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is granted for the issue to Cannington Corporation Pty Ltd. of 1,666,667 fully paid ordinary shares in the capital of the Company credited as fully paid at an issue price of \$0.03 per share, the material terms of which are stated in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting."

5. Resolution 5 – Approval of Share Issue to Dr. Marie Roskrow.

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is granted for the issue to Dr. Marie Roskrow of 1,666,667 fully paid ordinary shares in the capital of the Company credited as fully paid at an issue price of \$0.03 per share, the material terms of which are stated in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting."

6. Resolution 6 – Issue of 325,000 shares to Dr. Marie Roskrow, Managing Director, under Loan Share Plan

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

"That for the purposes of ASX Listing Rule 10.14, and for all other purposes approval is granted for:

- (a) the Company to issue to Dr. Roskrow 325,000 ordinary shares as set out in the Explanatory Notes which accompany this Notice of Extraordinary General Meeting in accordance with the Loan Share Plan; and
- (b) the advance by the Company to Dr. Roskrow 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 7.00 p.m. (AEDT) on Monday 9th January 2012.

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 11.00 a.m. (AEDT) on Monday 9th January 2012 by:

- (a) posting it in the reply paid envelope to Computershare Investor Services Pty Limited (GPO Box 242, Melbourne, VIC 3001);
- (b) 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) 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 Extraordinary General 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:

A handwritten signature in blue ink, appearing to read 'RM', followed by a long, sweeping horizontal stroke.

Roger McPherson
Company Secretary
9 December 2011

Patrys Limited
ACN 123 055 363

Explanatory Notes

These explanatory notes have been prepared to provide members with sufficient information to assess the merits of the resolutions contained in the accompanying notice of extraordinary general meeting to be held at Arnold Bloch Leibler, Level 24 Chifley Tower, 2 Chifley Square, Sydney, New South Wales on Wednesday, **11 January 2012** at 11 am (AEDT).

Business

The Company has completed a successful capital raising of approximately \$3.4 million, through a private placement to existing and new institutional and sophisticated investors.

This Notice of Extraordinary General Meeting concerns:

- (a) Resolution 1 - The proposed ratification of the placement made by the Company prior to the issue of the Notice of Extraordinary General Meeting of 37,000,000 shares at an issue price of \$0.03 which raised in aggregate \$1,110,000. The Company issued and allotted these shares on 8 December 2011;
- (b) Resolution 2 - The proposed additional placement of approximately 76,600,000 shares at an issue price of \$0.03 to raise in aggregate approximately \$2,300,000 which additional placement is subject to shareholder approval in accordance with ASX Listing Rule 7.1; and
- (c) Resolutions 3, 4 and 5 – The proposed placement of 30,000,000 shares at an issue price of \$0.03 to raise a total of \$900,000 to Directors and director related entities in accordance with ASX Listing Rule 10.11.
- (d) Resolution 6 – Approval for the issue of 325,000 shares to Dr. Marie Roskrow in accordance with her previous employment agreement in the role of Chief Medical Officer and President. The shares will be issued under the terms of the Company's Loan Share Plan.

The purpose of the capital raising is to provide the Company with the opportunity to enhance shareholder value by:

- Supporting a PAT-SM6 Phase I/IIa open label multi-dose clinical trial in multiple myeloma
- Further preparing PAT-LM1 for clinical trial and/or partnering
- Supporting business development and licensing activities in respect of PAT-SC1
- Expanding the pipeline through internal R&D

1. Resolution 1 – Ratification of the Prior Placement of Shares

This resolution seeks Shareholder approval for the previous issue and allotment of 37,000,000 fully paid ordinary shares in the capital of the Company to institutional and sophisticated investors.

1.1 Details of the Previous Issue of Shares

On 8 December 2011, the Company raised \$1,110,000 by the issue and allotment of 37,000,000 fully paid shares in the capital of the Company (**Placement Shares**) to institutional and sophisticated investors (being persons described in Sections 708(8) and 708(10) of the *Corporations Act 2001* (**Subscribers**) at an issue price of \$0.03 per share pursuant to the terms of subscription agreements entered with the Company and the Subscribers (**Subscription Agreements**).

Under ASX Listing Rule 7.1, the Company may in any 12-month rolling period issue up to 15% of its ordinary share capital without prior shareholder approval. The Company issued the Placement Shares pursuant to its (unused) entitlement under ASX Listing Rule 7.1 (being equivalent to an issue of approximately 15% of the Company's issued capital as at their allotment date). The issue of Placement Shares did not require prior shareholder approval.

ASX Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue. Resolution 1 seeks shareholder ratification of the Placement Shares. If ratified, the Placement Shares will be excluded in the future from the calculation of Patrys' 15% entitlement under ASX Listing Rule 7.1.

1.2 Information required under ASX Listing Rules 7.5

The ASX Listing Rules set out a number of regulatory requirements that must be satisfied in relation to the ratification of the Placement Shares. ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to approve the Prior Issue in accordance with ASX Listing Rule 7.4 must include the following information:

- (a) The number of securities allotted:

37,000,000

- (b) The issue price at which the securities were allotted:

\$0.03 per share

- (c) The terms of the securities:

Shares issued were fully paid ordinary shares ranking equally in all respects with all other fully paid ordinary shares then on issue in the Company

- (d) The names of the allottees or the basis upon which the allottees were determined

The allottees were institutional and sophisticated investors (being persons described in Sections 708(8) and 708(10) of the Corporations Act 2001) selected by the Company's brokers for the issue

- (e) The use (or intended use) of the funds raised:

The funds received under the Placement Shares are to be used generally for the advancement of the Company's lead products and supporting potential partnering arrangements

1.3 Effect of passing of Resolution 1

If Resolution 1 is passed, from the date of shareholder approval the Placement Shares will not be included in the calculation of its 15% entitlement under ASX Listing Rule 7.1.

1.4 Recommendation for Resolution 1

The Company's directors unanimously recommend that shareholders approve Resolution 1.

1.5 Voting Exclusion Statement – Resolution 1

Pursuant to ASX Listing Rules 7.5.6, the Company will disregard any votes cast on Resolution 1 by:

- any person who participated in the issue, namely the Subscribers; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as a 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.

2. Resolution 2 – Approval to Issue Shares to Sophisticated Investors

The Subscribers (as referred to in Resolution 1) (being persons described in Sections 708(8) and 708(10) of the *Corporations Act 2001*), pursuant to the terms of the Subscription Agreements (as referred to in Resolution 1), also agreed to subscribe for up to approximately 76,600,000 shares at \$0.03 per Share (**Further Subscription**), conditional upon prior shareholder approval to this Further Subscription.

By this Resolution 2 the Company is seeking prior shareholder approval for the purposes of ASX Listing Rule 7.1. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution 2, Patrys will be able to issue the Patrys shares comprising the Further Subscription without being in breach of ASX Listing Rule 7.1 and those Patrys shares will not be included in the calculation of the Company's 15% entitlement under ASX Listing Rule 7.1 after the approval.

The Further Subscription is equivalent to an issue of approximately 27% of the issued capital of the Company (after allowing for the Prior Placement).

2.1 Regulatory Requirements

The ASX Listing Rules set out a number of regulatory requirements that must be satisfied in relation to the ratification of the issue of securities under Resolution 2. These are summarised below.

2.2 Information required under ASX Listing Rules 7.1

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which shareholders are required to consider approving a resolution pursuant to ASX Listing Rule 7.1 must include the following information:

- (a) the maximum number of securities to be issued:

Approximately 76,600,000

- (b) the date by which the securities will be issued:

Within 3 months of the date of shareholder approval at the Extraordinary General Meeting

- (c) the issue price of securities:

\$0.03 per Share

- (d) the names of the allottees or the basis upon which the allottees were determined

The allottees will be institutional and sophisticated investors (being persons described in Sections 708(8) and 708(10) of the Corporations Act 2001) selected by the Company's brokers for the issue

- (e) the terms of the securities:

Shares to be issued will be fully paid ordinary shares ranking equally in all respects with all other fully paid ordinary shares then on issue in the Company

- (g) the intended use of the funds raised:

If the shares are allotted, the funds raised will be used by the Company for the advancement of the Company's lead products and supporting potential partnering arrangements

2.3 Recommendation for Resolution 2

The Company's directors unanimously recommend that shareholders approve Resolution 2.

2.4 Voting Exclusion Statement – Resolution 2

Pursuant to ASX Listing Rules 7.3 and 14.11.1, the Company will disregard any votes cast on the resolution by:

- (a) any person who is to participate under the proposed allotment which is the subject of Resolution 2;
- (b) an associate of the persons described in paragraph (a) above; and
- (c) any person who may obtain a benefit, except a benefit solely in their capacity as a holder of ordinary shares if Resolution 2 is passed.

However, the Company may not disregard a vote if:

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

3. Resolution 3: Proposed Issue of Shares to Stork Holdings 2010 Ltd

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the directors of the listed company and their controlled associates.

Subject to shareholder approval, the Company proposes to issue 26,666,667 ordinary shares to Stork Holdings 2010 Ltd. (a company associated with Mr. Michael Stork, a Patrys Director) at the same issue price as the placements (which are the subject of Resolutions 1 and 2 as set out in the Notice of Extraordinary General Meeting).

The Patrys Board believe the terms and conditions on which the shares which are to be offered to Stork Holdings 2010 Ltd. are on arms length terms (being the same as offered under the placement to non associated persons the subject of Resolutions 1 and 2 as set out in the Notice of Extraordinary General Meeting). However, as outlined above Patrys shareholder approval is required under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Stork Holdings 2010 Ltd. existing shareholding in Patrys and where Resolutions 2 and 3 are passed and shares allotted is detailed in the table below

Shareholder	Existing percentage interest in the Company before issues in accordance with Resolutions 2 & 3 (but including issue the subject of Resolution 1)	Percentage interest in the Company after issues in accordance with Resolutions 2 & 3
Stork Holdings 2010 Ltd*	23.12	23.24
All other shareholders	76.88	76.76

*Note: In addition to the above interests Mr. Stork also holds 300,000 options, each option convertible into one Patrys share at an exercise price of \$0.2609 cents per share.

3.1 Reason for issue and Board recommendation

Mr. Michael Stork has indicated to the Board that he wishes to support the placement which is the subject of Resolution 2 and subscribe for \$800,000 in additional shares on the same terms and conditions of the placement (subject to obtaining prior shareholder approval in accordance with Resolution 3).

The Board believes that the change in percentage interest of Stork Holdings 2010 Ltd. as a result of subscribing for additional shares in accordance with Resolution 3 is not material and in any event within the 3% purchase limit in any 6 months as allowed under Chapter 6 of the Corporations Act.

The Board is also of the view that the additional \$800,000 which would be subscribed by Stork Holdings 2010 Ltd further advances the Company.

3.2 ASX Listing Rules

ASX Listing Rule 10.13 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:
Stork Holdings 2010 Ltd. a company associated with Mr. Michael Stork
- (b) The number of securities to be issued to the person:
26,666,667 ordinary shares in the capital of the Company, credited as fully paid
- (c) The date by which the entity will issue the securities:
Subject to Resolution 3 being passed, no later than one month after the date of this Extraordinary General Meeting
- (d) The issue price of the securities and a statement of the terms of the issue:
\$0.03 per share. The shares being issued will rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue
- (e) The intended use of the funds raised:
The funds raised will be used by the Company to advance its lead products and support potential partnering arrangements

3.3 Voting Exclusion Statement – Resolution 3

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

- (a) Stork Holdings 2010 Ltd.;
- (b) Mr. Michael Stork or any associate of Mr. Michael Stork.

However, the Company may not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the general 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. Resolution 4: Proposed Issue of Shares to Cannington Corporation Pty Ltd

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the directors of the listed company and their controlled associates.

Subject to shareholder approval, the Company proposes to issue 1,666,667 ordinary shares to Cannington Corporation Pty Ltd. (a company associated with Mr. John Read, a Patrys Director) at the same issue price as the placements (which are the subject of Resolutions 1 and 2 as set out in the Notice of Extraordinary General Meeting).

The Patrys Board believe the terms and conditions on which the shares which are to be offered to Cannington Corporation Pty Ltd. are on arms length terms (being the same as offered under the placement to non associated persons the subject of Resolutions 1 and 2

as set out in the Notice of Extraordinary General Meeting). However, as outlined above Patrys shareholder approval is required under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Mr. John Read's existing shareholding in Patrys and where Resolutions 2 and 4 are passed and shares allotted is detailed in the table below

Shareholder	Existing percentage interest in the Company before issues in accordance with Resolutions 2 & 4 (but including issue the subject of Resolution 1)	Percentage interest in the Company after issues in accordance with Resolutions 2 & 4
Mr. John Read - Direct*	0.07	0.05
Mr. John Read – Indirect (including Cannington Corporation Pty Ltd)	0.19	0.59
All other shareholders	99.74	99.36

*Note: In addition to the above interests Mr. Read also holds 500,000 options, each option convertible into one Patrys share at an exercise price of \$0.45 cents per share and 600,000 options, each option convertible into one Patrys share at an exercise price of \$0.2609 cents per share.

4.1 Reason for issue and Board recommendation

Mr. John Read has indicated to the Board that he wishes to support the placement which is the subject of Resolution 2 and subscribe for \$50,000 in additional shares on the same terms and conditions of the placement (subject to obtaining prior shareholder approval in accordance with Resolution 4).

The Board believes that the change in percentage interest of Mr. John Read, as a result of subscribing for additional shares in accordance with Resolution 4 is not material.

The Board is also of the view that the additional \$50,000 which would be subscribed by Cannington Corporation Pty Ltd further advances the Company.

4.2 ASX Listing Rules

ASX Listing Rule 10.13 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:

Cannington Corporation Pty Ltd, a company associated with Mr. John Read

- (b) The number of securities to be issued to the person:

1,666,667 ordinary shares in the capital of the Company, credited as fully paid

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

Subject to Resolution 4 being passed, no later than one month after the date of this Extraordinary General Meeting

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

\$0.03 per share. The shares being issued will rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue

- (e) The intended use of the funds raised:

The funds raised will be used by the Company to advance its lead products and support potential partnering arrangements

4.3 Voting Exclusion Statement – Resolution 4

The Company will disregard any votes cast in respect of Resolution 4 by:

- (a) Cannington Corporation Pty Ltd.;
- (b) Mr. John Read or any associate of Mr. John Read.

However, the Company may not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the general 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: Proposed Issue of Shares to Dr. Marie Roskrow

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the directors of the listed company and their controlled associates.

Subject to shareholder approval, the Company proposes to issue 1,666,667 ordinary shares to Dr. Marie Roskrow, a Patrys Director at the same issue price as the placements (which are the subject of Resolutions 1 and 2 as set out in the Notice of Extraordinary General Meeting).

The Patrys Board believe the terms and conditions on which the shares which are to be offered to Dr. Roskrow. are on arms length terms (being the same as offered under the placement to non associated persons the subject of Resolutions 1 and 2 as set out in the Notice of Extraordinary General Meeting). However, as outlined above Patrys shareholder approval is required under ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Details of Dr. Roskrow's existing shareholding in Patrys and where Resolutions 2 and 5 are passed and shares allotted is detailed in the table below

Shareholder	Existing percentage interest in the Company before issues in accordance with Resolutions 2 & 5 (but including issue the subject of Resolution 1)	Percentage interest in the Company after issues in accordance with Resolutions 2 & 5
Dr. Marie Roskrow	0.06	0.50
All other shareholders	99.94	99.50

5.1 Reason for issue and Board recommendation

Dr. Marie Roskrow has indicated to the Board that she wishes to support the placement which is the subject of Resolution 2 and subscribe for \$50,000 in additional shares on the same terms and conditions of the placement (subject to obtaining prior shareholder approval in accordance with Resolution 5).

The Board believes that the change in percentage interest of Dr. Roskrow as a result of subscribing for additional shares in accordance with Resolution 3 is not material.

The Board is also of the view that the additional \$50,000 which would be subscribed by Dr. Roskrow further advances the Company. .

5.2 ASX Listing Rules

ASX Listing Rule 10.13 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. Marie Roskrow

- (b) The number of securities to be issued to the person:

1,666,667 ordinary shares in the capital of the Company, credited as fully paid

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

Subject to Resolution 5 being passed, no later than one month after the date of this Extraordinary General Meeting

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

\$0.03 per share. The shares being issued will rank equally in all respects with all other issued ordinary shares of the Company from the date of the issue

- (e) The intended use of the funds raised:

The funds raised will be used by the Company to advance its lead products and support potential partnering arrangements

5.3 Voting Exclusion Statement – Resolution 4

The Company will disregard any votes cast in respect of Resolution 5 by Dr. Marie Roskrow or any associate of Dr. Marie Roskrow.

However, the Company may not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the general 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 325,000 shares to Dr. Marie Roskrow under Loan Share Plan

6.1 Reason for issue and Board recommendation

Subject to shareholder approval, the Board proposes to issue 325,000 ordinary shares to Dr. Roskrow in accordance with her previous employment agreement in the role of Chief Medical Officer and President which was entered into on 11 August 2010.

The shares will be issued under the terms of the Loan Share Plan as detailed in the Explanatory Notes to Resolution 5 of the Company's 2009 Notice of 2010 AGM, a copy of which is available on both the ASX and Patrys websites.

The Board has subject to Patrys shareholder approval resolved to issue Dr. Roskrow the shares at an issue price based on the 5 day VWAP (volume weighted average price) 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. Roskrow to enable her 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 Dr. Roskrow) unanimously recommends that shareholders vote in favour of Resolution 6.

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

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to section 208 apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Section 210 of the Corporations Act provides that an entity does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favourable than arm's length).

Notwithstanding that Dr. Marie Roskrow will be subscribing for these shares under the Loan Share Plan on the same terms as all other participants, the Board is of the view that it is prudent to set out the following information.

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. Marie Roskrow, the Managing Director of the Company.

- (b) The nature of the financial benefit:

The issue of 325,000 ordinary shares in the Company and the provision of an interest free, limited recourse loan by the Company to Dr. Roskrow to fund the issue.

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

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

- (d) In relation to each such Director, their interests in Resolution 6:

Apart from Dr. Roskrow, 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 Extraordinary General Meeting, the annual remuneration payable to Dr. Roskrow is detailed on page 24 of the Company's Annual Report 2011;*

(ii) *As at the date of this Notice of Extraordinary General Meeting, Dr. Roskrow's notifiable interests in the securities of the Company (excluding the shares the subject of this resolution) are as follows:*

No. Securities	Directly held	Indirectly held
Ordinary Shares	150,000	Nil
Options	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:

Dr. Marie Roskrow, the Managing Director of the Company (formerly the Chief Medical Officer and President).

- (b) The maximum number of securities to be issued to the person:

The number of shares to be issued is 325,000.

- (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 Extraordinary 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. Roskrow to enable her 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. Roskrow for her 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. Roskrow may request the Company to sell the shares on the basis that proceeds are first applied towards discharging the loan.*
 - (vii) *If Dr. Roskrow ceases to be an employee of the Company, all shares that have not vested will, subject to the discretions set forth in the Plan Rules, be forfeited in accordance with the Plan Rules and Dr. Roskrow will have no right to the proceeds from the sale of these shares. In the case of shares that have vested Dr. Roskrow will, subject to the discretions set forth in the Plan Rules, 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.*
- (e) On 8 December 2011 the Company issued a total of 765,000 shares, under the Loan Share Plan, to other management and staff. These shares were issued as part of the 2011 incentive that the shares being proposed for Dr. Roskrow are also part of. Details of all other shares issued under the Loan Share Plan are set out in the Remuneration Report on page 26 of the Company's Annual Report 2011. The terms of the Loan Share Plan were first approved by shareholders at the Company's annual general meeting held in 2009.

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 Recommendation for Resolution 6

As the Directors of Patrys are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of Resolution 6.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 6.

6.6 Valuation of shares

The value of the shares to be issued is not known at this stage. 325,000 shares will be issued at the volume weighted average share price (based on closing daily prices) (VWAP) for the shares of the Company for the 5-day period ended at the time of issue. As the shares will be issued with an attaching loan per share which is equal to the issue price the VWAP (as calculated above) will then be discounted for the probability that the share price for Patrys shares at any time after these shares have vested but before the loan expiry will not exceed their issue price.

This discounting will determine the value per share in accordance with Accounting Standard AASB 2. The shares are to be valued utilising the Black & Scholes valuation methodology.

The Black Scholes formula is a recognised valuation model but it includes certain assumptions for example regarding volatility of Patrys shares. Patrys has considered the historical or implied volatility of itself and similar listed entities, for which share price information is available and has used this share price volatility as a guide in valuing these shares. A share with a greater volatility has a greater time value component of the total share value. After examining the volatility experienced by shares in both Patrys and comparable companies, it was concluded that a share price volatility of 75% is appropriate when valuing these shares. The other variable in the Black & Scholes formula is the interest rate. For this purpose Patrys will use the deposit interest rate available from the NAB on the date of issue for the term of the loan to be offered under the Loan Share Plan.

To give shareholders an indication of the value of the shares that would be issued to Dr. Roskrow if this resolution is approved, the indicative fair value of each share issued based on a range of issue prices using the Black & Scholes valuation model is provided below. These values are indicative only since an actual valuation can be determined only by reference to the Company's share price and the interest rates as at the date of issue. If the resolution is approved, the actual number of shares issued will be announced to the market (as the Company will be required to lodge an Appendix 3Y after they have been issued) and disclosed as part of Dr. Roskrow's remuneration in the Company's Annual Report for the year ending 30 June 2012.

The indicative valuations is set out below based on the following assumptions:

- an issue price (and therefore loan) of \$0.03, \$0.05 or \$0.07. As at 5 December 2011 the issue price based on the 5 day VWAP prior to that date would have been \$0.042;
- the shares will vest in 3 equal tranches over 3 years;
- the attaching loan must be repaid 5 years after the shares vest;

- other assumptions as to risk free interest rates, volatility and dividend yields made in accordance with accepted valuation techniques as explained above; and
- no discount has been included for forfeiture of the shares which might occur if Dr. Roskrow ceases to be employed by the Company prior to the Patrys share price exceeding the issue price and the shares having vested.

Issue Price	Average Value per Share	Total Value of 325,000 Shares to be Issued
\$0.03	\$0.0214	\$6,966
\$0.05	\$0.0357	\$11,602
\$0.07	\$0.0500	\$16,239

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.

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

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 11.00 am (AEDT) Monday 9 January 2012

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 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

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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 Extraordinary General Meeting of Patrys Limited to be held at Arnold Bloch Leibler, Level 24 Chifley Tower, 2 Chifley Square, Sydney, New South Wales on Wednesday, 11 January 2012 at 11.00 am (AEDT) and at any adjournment of that meeting.

Important for Items 4 and 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 4 and 6 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 and 6 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 and 6 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.

		For	Against	Abstain
Resolution 1	Ratification of the Prior Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue Shares to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Share Issue to Stork Holdings 2010 Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Share Issue to Cannington Corporation Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Share Issue to Dr. Marie Roskrow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of 325,000 shares to Dr. Marie Roskrow, Managing 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 ____ / ____ / ____

P A B

9 9 9 9 9 9 A

Computershare