

# NEURODISCOVERY LIMITED

ABN 89 113 824 141



## NOTICE OF GENERAL MEETING AND PROXY FORM

A General Meeting of Shareholders for NeuroDiscovery Limited will be held as follows:

**Location:** Westar Capital Ltd, Level 9, 190 St Georges Terrace, Perth WA 6000  
**Date:** 2 March 2011  
**Time:** 9 am (WST)

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6380 1003.*

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## NOTICE OF MEETING

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Notice is given that a General Meeting of Shareholders of NeuroDiscovery Limited will be held at the office of Westar Capital Limited, Level 9, 190 St Georges Terrace, Perth, WA 6000 at 9 am (WST) on 2nd March 2011.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company as at 5 pm (WST) on 28 February 2011.

An Explanatory Statement containing information in relation to the following resolutions accompanies and forms part of this Notice of Meeting.

### **Resolution 1 - Ratification of prior issue of 10,750,000 Shares**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 7.4 of the Listing Rules and for all other purposes, the Company ratify the allotment and issue of 10,750,000 fully paid ordinary shares on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue the subject of Resolution 1 and any person associated with those persons. 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.

### **Resolution 2 - Approval of issue of options**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution"

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company gives approval for the Directors to allot and issue of up to 4,000,000 options to acquire ordinary shares on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if Resolution 2 is passed, and any person associated with those persons. 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.

### **Resolution 3 - Approval of issue of options**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution"

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Company gives approval for the Directors to allot and issue of up to 20,000,000 options to acquire ordinary shares on the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if Resolution 2 is passed, and any person associated with those persons. 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.

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting.

### **Resolution 1 - Ratification of prior issue of 10,750,000 shares**

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of Securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to Resolution 1:

- a) the number of Shares issued by the Company is 10,750,000;
- b) the Shares were issued at an issue price of \$0.04 per Share;
- c) the Shares were issued to sophisticated investors (for the purposes of Section 708 of the Corporations Act). All placees are unrelated parties to the Company;
- d) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- e) As announced to ASX on the 3 December 2010 the funds raised from the issue of the Shares are to be used for working capital.

### **Resolution 2 - Approval of issue of options**

Resolution 2 seeks Shareholders to resolve and approve the allotment and issue of up to 4,000,000 options.

None of the subscribers pursuant to this issue will be related parties of the Company.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with right to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Directors to issue the Options during the period of 3 months after the General Meeting, without using the Company's 15% annual placement capacity.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to Resolution 2:

- a) the maximum number of Options to be granted is 4,000,000;
- b) the Company will allot and issue the Options no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- c) the Options will be issued for nil cash consideration;
- d) the Options will be allotted to the facilitator of the last Share Placement. All placees will be unrelated parties to the Company;
- e) the Options will be issued on the terms and conditions set out in Schedule 1;
- f) allotment will occur on one date; and
- g) no funds will be raised from the Option placement as the Options will be issued as a facilitation fee in respect to the placement of shares as announced on 2 December 2010..

### **Resolution 3 - Approval of issue of options**

Resolution 3 seeks Shareholders to resolve and approve the allotment and issue of up to 20,000,000 options.

None of the subscribers pursuant to this issue will be related parties of the Company.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with right to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Directors to issue the Options during the period of 3 months after the General Meeting, without using the Company's 15% annual placement capacity.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to Resolution 3:

- a) the maximum number of Options to be granted is 20,000,000;
- b) the Company will allot and issue the Options no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- c) the Options will be issued for \$0.01 each cash consideration;
- d) the Options will be allotted to various sophisticated and professional investors (for the purposes of Section 708 of the Corporations Act). All placees will be unrelated parties to the Company;
- e) the Options will be issued on the terms and conditions set out in Schedule 1;
- f) allotment will occur progressively; and
- g) up to \$200,000 will be raised from the Option placement for general working capital purposes.

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## ENQUIRIES

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Shareholders with any queries in respect of the matters set out in these documents are required to contact the Company Secretary on 0407 770 183.

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## GLOSSARY

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**"ACN"** means Australian Company Number;

**"ASX"** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

**"Business Day"** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**"Company or NeuroDiscovery"** means NeuroDiscovery Limited (ACN 113 824 141).

**"Corporations Act"** means The Corporations Act 2001 (Commonwealth);

**"Directors"** means the directors of the Company;

**"Listing Rules"** means the Listing Rules of ASX;

**"Explanatory Statement"** means the explanatory statement accompanying the Notice of Meeting.

**"General Meeting"** means the Meeting of the Company to be held on 2 March 2011;

**"Notice"** means the notice of meeting that accompanies this Explanatory Memorandum;

**"Option"** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**"Share"** means a fully paid ordinary share issued in the capital of the Company; and

**"WST"** means Western Standard Time.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) The Option is a right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("Share").
- (b) The Options will expire at 5.00pm Australian Western Standard Time on 31<sup>st</sup> January 2012("Expiry Date"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.06 ("Exercise Price").
- (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiple of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
- (e) Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
  - (i) exercise all or a specified number of Options; and
  - (ii) pay by cheque the Exercise Price for the number of Options being exercised.
- (f) The notice must be accompanied by the Option certificate and is only effective when the Company has received the relevant aggregate amount of the Exercise Price in cleared funds. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by him and the Company will, following partial exercise, issue a new Option certificate for the balance of Options remaining.
- (g) The Company shall allot the resultant Shares and deliver the share certificate or holding statement within five business days of receipt of the notice of exercise of an Option.
- (h) Options may not be transferred other than to an associate of the holder.
- (i) Shares allotted pursuant to an exercise of Options shall rank, from the date of the allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
- (j) The Company will not apply for quotation of the Options on ASX, however, the Company shall in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.
- (k) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules.
- (l) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options
- (m) The Options do not give any right to participate in new issues unless the option holder exercises the Option.
- (n) Subject to condition (m), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## PROXY FORM

**APPOINTMENT OF PROXY  
NEURODISCOVERY LIMITED  
ACN 113 824 141**

### GENERAL MEETING

I/We

of

being a member of NeuroDiscovery Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

☐

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 9:00am (WST), on Wednesday, 2<sup>nd</sup> March 2011 at Westar Capital Level 9, 190 St Georges Terrace, Perth, Western Australia 6000, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of the Resolution.

**OR**

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#### Voting on Business of the General Meeting

Resolution 1 – Ratification of prior issue of 10,750,000 shares

Resolution 2 – Approval of issue of options

Resolution 3 – Approval of issue of options

**FOR**

☐  
☐  
☐

**AGAINST**

☐  
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**ABSTAIN**

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☐  
☐

**Please note:** If you mark the abstain box for the Resolution, you are directing your proxy not to vote on the Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**NEURODISCOVERY LIMITED**  
**ACN 113 824 141**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney to 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to NeuroDiscovery Limited, PO Box 2106, SUBIACO WA 6904; or
  - (b) facsimile to the Company on facsimile number +61 8 9486 8066,

so that it is received no later than 5:00pm (WST) on Monday 28<sup>th</sup> February 2011.

**Proxy forms received later than this time will be invalid.**