

Cyclopharm Limited Notice of Annual General Meeting and Explanatory Statement

**to be held at Level 1, St Kilda Road Towers,
1 Queens Road, Melbourne, Victoria, 3004,
at 11.00am, (Melbourne time) on
Thursday, 21 May 2009**

This document is important.

Please read the information it contains carefully. It is important that you vote on these resolutions either by attending the meeting or by completing and lodging the enclosed proxy form. If you are in doubt as to its contents, you should consult your professional advisor(s).

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cyclopharm



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IMPORTANT DATES

Close for receipt of written questions to Auditor	5.00 pm	Thursday, 14 May 2009
Close for receipt of Proxy Forms	11.00 am	Tuesday, 19 May 2009
Determination of Entitlement to Vote	5.00 pm	Tuesday, 19 May 2009
Meeting	11.00am	Thursday, 21 May 2009



NOTICE OF ANNUAL GENERAL MEETING OF CYCLOPHARM LIMITED

Notice is given that the Annual General Meeting of members of Cyclopharm Limited ACN 116 931 250 (**Company**) will be held at Level 1, St Kilda Road Towers, 1 Queens Road, Melbourne, Victoria 3004, Australia on **Thursday, 21 May 2009** at **11.00am** Melbourne time.

1. ORDINARY BUSINESS

1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the Directors and the auditors of the Company for the year ended 31 December 2008.*

An explanation of this item is to be found in the notes to this notice and paragraph 2.1 of the Explanatory Statement.

(b) Resolution 1 – Remuneration Report

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2008 be adopted. "

An explanation of this item is to be found in paragraph 2.2 of the Explanatory Statement.

The vote on this resolution is advisory only and it is not intended that it bind the Directors or the Company.

1.2 Resolution 2 – Re-election of Director

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution** with effect from the close of the meeting:

"That David James Heaney, being eligible and having consented to act, be re-elected as a Director of the Company."

An explanation of Resolution 2, and more information on Mr Heaney, is to be found in paragraph 3 of the Explanatory Statement.

1.3 Resolution 3 – Election of Director

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution** with effect from the close of the meeting:

"That John Stewart Sharman, being eligible and having consented to act, be elected as a Director of the Company."

An explanation of Resolution 3, and more information on Mr Sharman, is to be found in paragraph 4 of the Explanatory Statement.



2. SPECIAL BUSINESS

2.1 Resolution 4 – Long Term Incentive Plan: Grant of a limited recourse loan to Managing Director to purchase shares

Shareholders will be asked to consider and, if thought fit, pass the following resolution as a **special resolution**:

"That pursuant to ASX Listing Rules 10.14 and 10.15 and in accordance with Cyclopharm Limited's "Long Term Incentive Plan" tabled by the Chairman and initialed by him for purposes of identification, approval is given for the Directors to make a limited recourse loan to Mr James McBrayer, acting in his capacity as the Managing Director of the Company, for a sum of \$37,700, which will be used to purchase a total of 377,000 new, ordinary, fully paid shares in the Company, on the terms summarised in the Explanatory Statement accompanying the Notice of 2009 Annual General Meeting."

An explanation of Resolution 4, and a summary of the Plan and Loan, are found in paragraph 5 of the Explanatory Statement.

Voting Exclusion: The Company will disregard any votes cast on this resolution by the Directors (as persons who could benefit from participation in the Long Term Incentive Plan) and any other person who may obtain a benefit (except one solely in the capacity of a security holder) if the resolution is passed, and any Associate of the Directors or that person.

2.2 Resolution 5 - Share Buy-back

Shareholders will be asked to consider and, if thought fit, pass the following resolution as a **special resolution**:

"That pursuant to and in accordance with section 257C of the Corporations Act 2001 (C'wlth), as amended, Rules 7.22 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 25% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2010 Annual General Meeting and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the 2009 Annual General Notice of Meeting at which this resolution is to be put."

An explanation of Resolution 5 is to be found in paragraph 6 of the Explanatory Statement.

2.3 Resolution 6 – Approval of proportional Takeover Bids

Shareholders will be asked to consider and, if thought fit, pass the following resolution as a **special resolution**:

"That pursuant to sections 136(2) and 648G of the Corporations Act 2001 (C'wlth) as amended, Rule 163 of the Constitution (requiring shareholder approval of proportional takeover bids) that ceased to be effective in 2008 again be adopted as Rule 163 of the Constitution of the Company."

An explanation of Resolution 6 is to be found in paragraph 7 of the Explanatory Statement.

3. OTHER BUSINESS

To consider any other business that may be properly brought forward at the meeting in accordance with the Constitution and the law.

By Order of the Board

William N Richardson
Company Secretary

Dated: 16 April, 2009

PLEASE NOTE:

The Notes to, and the Explanatory Statement and Proxy Form following, this Notice of Meeting should be read in conjunction with, and form part of, this Notice.

Capitalised words have the meaning ascribed to them in the Glossary in the attached Explanatory Statement.

NOTES TO NOTICE OF MEETING:

1. Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement.

2. Voting and Required Majority

2.1 The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements at the Annual General Meeting will be as it appears on the register of Shareholders at **5.00pm** (Melbourne time) on **Tuesday, 19 May 2009** and will process no transfers from that time until the end of the Meeting.

2.2 On a show of hands, every person present and qualified to vote shall have one vote. If a Shareholder appoints one proxy, then that proxy may vote on a show of hands. However, if the Shareholder appoints 2 proxies, neither may vote on a show of hands.

If a Shareholder appoints a proxy who is also a Shareholder or also a proxy for another Shareholder, their directions may not be effective on a show of hands. However, upon a poll and upon the proxy voting on the poll then their voting direction will be fully counted. Should a poll be taken, then the Auditors, Russell Bedford NSW, will act as scrutineer.

2.3 For the Resolutions to be effective:

- each Resolution must be passed at a meeting of which not less than 28 days' written notice specifying the intention to propose the Resolution has been given; and
- each ordinary Resolution must be passed by more than 50% and at least 75% respectively of all the votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

3. Voting Entitlement

3.1 The Company will disregard any votes cast on Resolution 2, 3 and 4 by any person who has an interest or will receive a benefit in the passing of those Resolutions.

3.2 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.

3.3 In approving the Notice of Meeting all Resolutions as set out as the business of the meeting have the support and recommendation of all the Directors except that in the case of the elections of Messrs Heaney and Sharman as Directors and the issue of shares to Mr McBrayer where, in relation to Resolutions 2, 3 and 4 respectively, each of Messrs Heaney and Sharman abstained from voting in respect of their own election and all Directors including Mr McBrayer abstained from voting on the issue of shares to Mr McBrayer.

4. Questions and Comments by Shareholders at the Meeting

4.1 In accordance with the Corporations Act and rule 104.3 of the Constitution, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the management of the Company.

4.2 Similarly, in accordance with the Corporations Act and rule 104.4 of the Constitution, a reasonable opportunity will be given to Shareholders to ask the Auditors, Russell Bedford NSW,

questions relevant to:

- (1) the conduct of the audit;
 - (2) the preparation and content of the Auditor's Report;
 - (3) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
 - (4) the independence of the Auditor in relation to the conduct of the audit.
- 4.3 Shareholders may also submit written questions to Russell Bedford NSW, via the Company, no later than 5 business days before the Annual General Meeting. Any question must be relevant to the content of Russell Bedford NSW's Audit Report or the conduct of its audit of the Company's financial report for the year ended 31 December 2008.
- 4.4 Relevant written questions for Russell Bedford NSW must be received no later than **5.00pm** (Melbourne time) on **Thursday, 14 May 2009**. A list of those relevant written questions will be made available to Shareholders attending the Annual General Meeting. Russell Bedford NSW will either answer the questions at the Annual General Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Annual General Meeting.

5. Proxies

- 5.1 A Shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholders' voting rights. If the appointment does not specify the proportion or number of the Shareholders' votes each proxy may exercise, each proxy may exercise one half of the Shareholders' votes.
- 5.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form and follow the instructions set out on the reverse side of the proxy form.
- 5.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.
- 5.4 To be effective a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:
- delivered (by hand, mail, courier or fax) to the Company at Level 6, 1 Queens Road, Melbourne, Victoria, 3004 Australia;
 - sent by facsimile to (+613) 9820 5957 or the registered office of the Company; or
 - delivered to the registered office of the Company,
- to arrive (in each case) no later than **11.00am** (Melbourne time) on **Tuesday, 19 May 2009**. If it is not received by that time, the appointment of proxy will not be treated as effective.
- 5.5 If a Shareholder is a body corporate, the proxy form may be signed by:
- 2 Directors;
 - a Director and either a company secretary or other authorised signatory;



- in the case of a proprietary company that has a sole Director that is also the sole company secretary, by that Director, or
 - the body corporate's appointed attorney under power of attorney.
- 5.6 In the case of joint holdings a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
 - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.
- 5.7 Completion of a proxy form will not prevent individual Shareholders from attending the Meeting if they wish. Where a Shareholder completes and delivers a valid proxy form and attends in person, the authority of the proxy to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5.8 In the absence of your instructions, your proxy will vote or abstain from voting as they think fit.
- 5.9 Should you desire to direct your proxy how to vote, please insert 'X' or the percentage of votes in the box appropriate to each Resolution in the proxy form.

SHAREHOLDERS ARE URGED TO COMPLETE ANY ONE OF THE "FOR", "AGAINST" OR "ABSTAIN" BOXES ON THE PROXY FORM THEREBY GIVING A DIRECTED PROXY WHICH THEN CAN BE COUNTED IN ACCORDANCE WITH THEIR WISHES.

EXPLANATORY STATEMENT

1. IMPORTANT NOTICE

- 1.1 This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2 *Capitalised words in this Explanatory Statement have a defined meaning which appears in it or in the Glossary on page 23.*
- 1.3 This Explanatory Statement is dated 16 April 2009.

2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the Annual Report. Neither the Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given ample opportunity to raise questions on the Annual Report at the Meeting. For further information see note 4 on page 5. The Annual Report is available on the Company's website at www.cyclopharm.com.au.

2.2 EXPLANATION OF RESOLUTION 1 - REMUNERATION REPORT

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2008 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the Remuneration Report as disclosed in the Directors' report component of the 2008 Annual Report (see pages 15 to 21 inclusive). This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting. The vote on this Resolution is advisory only and non-binding on the Board.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers with the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each Director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.



2.3 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

3. EXPLANATION OF RESOLUTION 2 – RE-ELECTION OF DIRECTOR

- 3.1 Shareholders will be asked to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That David James Heaney, being eligible and having consented to act, be re-elected as a Director of the Company."

Mr David Heaney, being eligible and having consented to act, offers himself for re-election as a Director of the Company.

- 3.2 The Constitution and the ASX Listing Rules require that, at each annual general meeting, one-third of the Directors must retire from office. Since Mr Heaney has been longest in office since election he has offered himself for re-election.

- 3.3 The Nominations Committee (excluding Mr Heaney) of the Board has conducted an assessment of Mr Heaney, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board (other than Mr Heaney) recommends to Shareholders the re-election of Mr Heaney.

- 3.4 The following is a profile of Mr David Heaney:

Board position: Appointed Non-Executive Director on 20 November 2006 and elected by Shareholders to the Board of the Company on 8 May 2007.

Experience: Mr Heaney is currently an executive Director of Thompson Partners Pty Ltd and a non-executive Director of Colorpak Limited and Mariner Financial Limited.

Mr Heaney has more than 38 years experience in all aspects of wholesale banking and finance, gained in senior management roles with National Australia Bank Limited and subsidiary companies in both Australia and the US.

Committees: Member of the Remuneration, Board Nominations and Audit Committees

3.5 Directors' Recommendation

The Board, other than Mr Heaney (who abstains), recommends that Shareholders vote in favour of Resolution 2.

4. EXPLANATION OF RESOLUTION 3 – ELECTION OF DIRECTOR

- 4.1 Shareholders will be asked to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That John Stewart Sharman, being eligible and having consented to act, be elected as a Director of the Company."

Mr John Sharman, being eligible and having consented to act, offers himself for election as a Director of the Company.

- 4.2 Mr Sharman held the position of Managing Director at the previous Annual General Meeting and under the provisions of the Company's Constitution was not required to stand for re-election at that time. Mr Sharman resigned as Managing Director on 3 June 2008 and was appointed as a Non Executive Director on the same date. In accordance with the Constitution Mr Sharman offers himself for election.
- 4.3 The Nominations Committee (excluding Mr Sharman) of the Board has conducted an assessment of Mr Sharman, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board (other than Mr Sharman) recommends to Shareholders the election of Mr Sharman.

- 4.4 The following is a profile of Mr John Sharman:

Board position: Appointed Managing Director on 21 November 2005 and resigned from that role on 3 June 2008 at which time he took on the role of a Non-Executive Director.

Qualifications: Masters of Applied Finance, Macquarie University, Member of the Institute of Chartered Accountants and Bachelor of Economics, Monash University.

Experience: Mr Sharman has over 15 years experience in company management, private equity, investment banking and corporate finance. He has extensive experience in capital raisings, negotiation of key agreements, recovery and commercial strategies for performing and non-performing companies in all stages of company development. Mr Sharman is also a Non-Executive Director of Vita Life Sciences Limited (listed on the ASX).

Committees: Member of the Board Nominations Committee.

- 4.5 **Directors' Recommendation**

The Board, other than Mr Sharman (who abstains), recommends that Shareholders vote in favour of Resolution 3.

5. EXPLANATION AND SUMMARY OF RESOLUTION 4 – LONG TERM INCENTIVE PLAN: GRANT OF A LIMITED RECOURSE LOAN TO MANAGING DIRECTOR TO PURCHASE SHARES

- 5.1 Shareholders will be asked to consider and, if thought fit, to pass the following Resolution as a **special** resolution:

"That pursuant to ASX Listing Rules 10.14 and 10.15 and in accordance with Cyclopharm Limited's "Long Term Incentive Plan" tabled by the Chairman and initialed by him for purposes of identification, approval is given for the Directors to make a limited recourse loan to Mr James McBrayer, acting in his capacity as the Managing Director of the Company, for a sum of \$37,700, which will be used to purchase a total of 370,000 new, ordinary, fully paid shares in the Company, on the terms summarised in the Explanatory Statement accompanying the Notice of 2009 Annual General Meeting."

- 5.2 Shareholder approval was previously sought and obtained at the meeting held on 8 May 2007 for the Company to adopt a Long Term Incentive Plan (**Plan**) with the purpose of encouraging Directors, officers and employees to share in the ownership of the Company and therefore to retain and motivate those benefiting to drive performance at both the individual and corporate levels. A summary of the Plan, as approved, is included in paragraph 5.9. The necessary resolution thus having been passed, the Corporations Act now permits financial assistance to be given to Mr James McBrayer, the Managing Director of the Company, to acquire Shares under the Plan.
- 5.3 The Corporations Act also regulates in Chapter 2E the giving of a financial benefit to a related party of a public company. Cyclopharm is such a company and, as a Director, Mr McBrayer is regarded as a related party. However, there is an exemption from the operation of Chapter 2E where the financial benefit is “remuneration” paid to a Director as an officer or employee of the company. Here, Mr McBrayer will receive remuneration in his capacity as an officer, namely, as Managing Director of the Company. The only type of benefit that satisfies the term “remuneration” is defined in the Corporations Act narrowly to be one that if it were received by a Director would be remuneration under the accounting standard AASB 124: Related Party Disclosures, dealing with disclosure of Directors’ remuneration in financial reports (like the Annual Report).
- 5.4 Mr McBrayer has been Managing Director of the Company since 3 June 2008. The Directors made provision for a cash bonus of \$50,000 to Mr McBrayer for his services during the 2008 year in the Company’s accounts as set out in the 2008 Annual Report. Since the publication of the 2008 Annual Report the Directors have determined Mr McBrayer’s bonus will be \$37,700. The Board, other than Mr McBrayer, have decided that his interests should more closely align with those of the Company and, for that reason, have agreed with Mr McBrayer that, subject to the appropriate resolution of Shareholders being passed at a Shareholders’ meeting, will be issued 377,000 Plan Shares in lieu of his revised \$37,700 cash bonus. If Resolution 4 is not approved by Shareholders Mr McBrayer will receive his bonus in cash.

The provision of the limited recourse loan to Mr McBrayer is proposed to serve as a long term incentive for his continued involvement and support of the business.

- 5.5 The Plan Shares will be issued on the following terms:

(1) **LTIP Shares**

- Number:** The total number of Plan Shares applied for is 377,000.
- Price:** The price will be \$0.10 per Share.
- Security:** Limited to the Plan Shares taken up by Mr McBrayer, the Company will have no other recourse to Mr McBrayer for repayment of the loan other than the security provided by the Plan Shares themselves.
- Interest:** Limited to dividends on the Plan Shares.
- Hurdle:** 3 years employment as Managing Director.

Term: 3 years from the date of Shareholder approval.

Application to list the shares will be made after allotment but the shares will be held under a standard escrow arrangement pending satisfaction of the hurdle set out above.

Shareholders should be aware that Mr McBrayer will only benefit from this loan in the event that the sale price of the Shares is in excess of \$0.10 per Share. This is because when he sells the Shares, the proceeds are directed first to retire the loan principal and he then only gets to keep any excess over \$0.10 per Share.

- 5.6 The Board, other than Mr McBrayer who absented himself during the deliberations and from voting at the relevant meeting on this matter, considers that to give the remuneration outlined above, in the form proposed, would be reasonable given the Company's current circumstances and those of Mr McBrayer, vis-à-vis the Company, including the responsibilities involved in, and obligations required as a result of, his office or employment. There are no obvious disadvantages to the Company of Resolution 4 being passed.
- 5.7 No Director (including Mr McBrayer) nor their Associates may vote on the Resolution. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- 5.8 A special resolution is required for Resolution 4 which means at least 21 days' notice of this Meeting was required and, to be passed, the Resolution requires an affirming vote by 75% of those present at the Meeting in person, by proxy, attorney or representative and entitled to vote.
- 5.9 Appendix 1 (Resolution 4) - Summary Of Cyclopharm's Long Term Incentive Plan

A summary of the main details of the Plan are as follows:

Introduction to the Plan

- (a) The purpose of the Plan is to encourage employees, Directors and officers to share in the ownership of the Company. Those employees, Directors and officers who do participate are defined as "participating employees or officers". Shares in the Company that are purchased pursuant to the Plan are referred to as "Plan shares".

Invitation to Participate and acquisition of Plan shares

- (b) The maximum Plan shares to be purchased pursuant to this Plan shall be not more than 7.5% of the Company's issued shares. As at the date of this Explanatory Statement approximately 2.0% of the Company's issued capital comprises Plan shares of which 1.1% are issued to Directors.
- (c) There may be risks associated with participation in the Plan in that in certain circumstances the Plan shares may lose value and participating employees or officers may not benefit from the investment. The issue of shares may have a dilutionary effect on the share price but the number in question here is regarded by the Directors as too few to be likely to have that effect.
- (d) Participation in the Plan is by invitation of the Directors. Such invitation to participate is at the absolute discretion of the Directors.



- (e) There are rules covering the form of invitation and a minimum parcel of 100 shares must be applied for by participating employees or officers.
- (f) There are rules covering the acceptance and allotment of Plan shares. Under no circumstances will shares be allotted if to do so would be in breach of the Corporations Act.

Financial assistance

- (g) A participating employee or officer may apply to the Company for financial assistance to finance the subscription for Plan shares.
- (h) The Company may accept the application for financial assistance by making an interest limited (limited to dividends on the underlying shares) loan to the participating employee or officer ("borrower"). In any event the Company will not accept an application for financial assistance under the Plan if to do so would be in breach of the Corporations Act.
- (i) Financial assistance is repayable:
 - (i) at the end of 5 years (or a longer period which the Company may determine); or
 - (ii) immediately upon the dismissal or resignation of the borrower; or
 - (iii) immediately upon failure to satisfy the performance hurdle (if any) within the time period determined by the Company or upon the death or retirement of the participating employee or officer or upon the termination of the employment of the participating employee or officer otherwise than by way of dismissal or resignation.
- (j) A participating employee or officer who received financial assistance shall:
 - (i) authorise the Company to sell any bonus shares, rights or further shares issued in respect of the Plan shares and to apply all or any of the proceeds thereof in reduction of the amount of the borrower's indebtedness to the Company; and
 - (ii) give an irrevocable direction to the Company to pay to itself on behalf of the borrower and for the purposes of reducing the amount of the borrower's indebtedness to the Company or to meet any interest charge on the financial assistance, all or any moneys that may from time to time become payable in respect of the Plan shares or other shares, including dividends.
- (k) A participating employee or officer who received financial assistance will be required to transfer the Plan shares to the Company for their original subscription price:
 - (i) upon dismissal or acceptance of resignation; or
 - (ii) upon failure to satisfy performance hurdles within the time period (if any); or
 - (iii) at the end of 5 years, unless the borrower lodges a written request to retain the Plan shares with the Directors before the fifth anniversary of the issue of the Plan shares and the Directors, at its absolute discretion, decides to waive the transfer requirement.
- (l) Where the financial assistance provided to a participating employee or officer is required to be repaid, the financial assistance provided must be repaid in full. Payment may be undertaken by offsetting any monies which the Company owes the borrower against the outstanding balance of the borrowings.
- (m) The Board may at its absolute discretion provide financial assistance to a participating employee or officer, which financial assistance is secured by and strictly limited in all

circumstance to the value of the Plan shares. Where the Board has provided financial assistance in these circumstances, the Company will not in any circumstances be able to make any claim against the participating employee or officer in excess of the value realised for the Plan shares.

- (n) If the Company is authorised to sell any Plan shares in order to pay any money owing by the participating employee or officer and the proceeds of sale exceed the total amount owing to the Company, the surplus shall be paid by the Company to the participating employee or officer.

Security for Financial assistance

- (o) As security for financial assistance, a participating employee or officer must grant to the Company:
- (i) a pledge of the Plan shares acquired by the borrower at the time the financial assistance is provided to the borrower;
 - (ii) a charge over:
 - all the bonus shares, rights and further shares issued in respect of those Plan shares; and
 - all the dividends paid or payable on those Plan shares or other shares the subject of the charge.
- (p) The participating employee or officer must not create any other security interest over the Plan shares whilst they are subject to the Plan. Where a participating employee or officer does create a security interest over the Plan shares, that participating employee or officer must transfer the Plan shares to the Company for their original subscription price and fully repay any outstanding loan related the Plan shares and have no further entitlement under the Plan.

Alteration of the terms and provisions of the Plan

- (q) Subject to the law, the Company may make such alterations, variations, additions, deletions or modifications to all or any of the provisions of the Plan or to all or any of the rights or obligations of the participants or any of them as may be determined by the Directors, provided however that no such alteration, variation, addition, deletion or modification shall be made if it would have the effect of depriving the holders of issued Plan shares of any rights to which they are then entitled unless approved by 75% of the holders of Plan shares affected by such a change or unless the amendments are required by law.

Period of Plan

- (r) The Plan shall commence upon its approval by members of the Company in general meeting and shall continue until terminated by resolution of the Directors at any stage.

Expenses

- (s) The Company will meet the ongoing administration expenses of the Plan. The participating employee or officer will meet all outgoings and expenses in selling or otherwise dealing with his or her shares.

Copy of Plan

A copy of the Company's Plan is available for inspection at the Melbourne office referred to on the Proxy Form at the end of this Notice of Meeting by any member of the Company during normal hours on any business day prior to, or on, the date of the Meeting.

5.10 Pursuant to ASX Listing Rule 10.15A, this notice includes the following detail:

- (a) Mr James McBrayer is a Director of the Company;
- (b) The maximum Plan shares to be purchased pursuant to this Plan will be not more than 7.5% of the Company's issued capital;
- (c) The price for each share acquired under the Plan proposed in this Notice of Annual General Meeting is \$0.10 per share;
- (d) Since the Plan was approved, Mr James McBrayer has been issued a total of 1,400,000 shares. Shares were issued in 2 tranches on 3 June 2008, tranche one of 700,000 shares with an exercise price of \$0.25 per share for 2 years from grant date and tranche two of 700,000 shares with an exercise price of \$0.35 per share for 4 years from grant date. Members approved the issue of 1,400,000 shares at an issue price of \$0.30 per share to Mr John Sharman for 2 years at the 2007 Annual General Meeting. Since that time 900,000 shares issued to Mr John Sharman were cancelled by the Company;
- (e) Assuming that shareholders approve the election or re-election of all Directors standing for election the names of those Directors entitled to participate in the plan are Messrs Gould, Heaney, McBrayer and Sharman;
- (f) No Director (including Mr McBrayer) nor their Associates may vote on the Resolution;
- (g) The terms of any loan as set out in paragraph 5.9 (clause (g) ff) Appendix 1 (Resolution 4) - Summary Of Cyclopharm's Long Term Incentive Plan;
- (h) Details of any securities issued under the Plan will be published in each annual report relating to a period in which securities have been issued and that approval for the issue of securities is obtained under ASX Listing Rule 10.14;
- (i) Any additional persons who become entitled to participate in the Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14; and
- (j) The Company will not issue the securities later than 3 years after the meeting.

5.11 Directors' Recommendation

The Board, other than Mr McBrayer (who abstains), recommends that Shareholders vote in favour of Resolution 4.

6. EXPLANATION AND SUMMARY OF RESOLUTION 5 – SHARE BUY BACK

- 6.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **special** resolution:

“That pursuant to and in accordance with section 257C of the Corporations Act 2001 (C'wlth), as amended, Rules 7.22 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 25% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2010 Annual General Meeting and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the 2009 Annual General Notice of Meeting at which this resolution is to be put.”

6.2 Background

The Corporations Act authorises a listed company to buy-back its own shares on market if the buy-back does not materially prejudice its ability to pay its creditors and it follows the procedures set out in the Corporations Act. Shareholder approval is required if all of the shares bought back in the last 12 months are more than 10% of the minimum number of shares on issue at any time during the last 12 months. This limit after which a company requires shareholder approval for an on-market buy-back is called the "10/12 limit".

Authority is sought to effect an on-market buy-back of Shares subject to conditions, such as the purchase of up to a maximum of 25% of the issued capital by the Company. Such an on-market buy-back would exceed the 10/12 limit.

Resolution 5 authorises an on-market buy-back for the current financial period expiring on whichever is the earlier of:

- the anniversary of the passage of this resolution; or
- the 2010 Annual General Meeting.

- 6.2 The price that the Company will pay under the on-market buy-back offer is the current market price as outlined below. For there to be a “current market price”:

- share trades must have been recorded on the ASX on at least 5 trading days in the 3 months preceding the buy-back (ASX Listing Rule 7.29);
- the Company must have made an announcement to the ASX that it complies with that Listing Rule and intends to proceed with an on-market buy-back; and
- there must be a moving cap calculated at 5% above the average of the market price of the Shares calculated over the last 5 days in which trading in the Shares was recorded, with the buy-back to occur on the next trading day (ASX Listing Rule 7.33).

- 6.3 As required by section 257C(1) of the Corporations Act, the implementation of the buy-back is conditional on the approval by a resolution passed at a general meeting of the Company. This resolution is an ordinary resolution and will be passed if a majority of votes cast, in person or by proxy, attorney or representative by Shareholders at the meeting is cast in favour of the resolution.
- 6.4 If this resolution is passed, the buy-back may be implemented by the Board at any time by making the announcement to the ASX required by the ASX Listing Rules. Nevertheless, the Board may choose not to proceed, or to proceed at a later date (see item 6.1 above).
- 6.5 If the Board makes the relevant announcement the on-market buy-back will be effected on the following terms:
1. The maximum percentage of Shares to be bought back is 25%. Based on the number of ordinary shares on issue as at the date of this notice being 171,112,616 shares, the maximum number of Shares to be bought back would be 42,778,154.
 2. The Constitution does not, at the relevant time, preclude the buy-back of Shares or restrict the Company's power to do so. The Company will stand in the market to buy-back not more than 25% of its ordinary share capital and this can be done on a continuous basis.
 3. The Company intends that no offer will be made earlier than 21 May 2009 and the relevant Shares will all have been bought back before the close of business on 20 May 2010, however, the resolution can operate for as long as 12 months or until the next AGM, whichever occurs first.
 4. In the event that the ASX Listing Rules are inconsistent with any term of the on-market buy-back set out in this explanatory statement, the Company intends that such Listing Rule(s) override that term to the extent of that inconsistency.
 5. Acceptances, once given, are irrevocable.
 6. At the date of this explanatory statement, no Director had determined whether he will accept a buy-back offer in respect of shares in which he has an interest.

6.6 Advantages of Introducing a Share Buy-back

The key advantages of the on-market buy-back being allowed to proceed are as follows:

1. increase the liquidity of the Shares;
2. an efficient use of any surplus capital that becomes available to the Company in a market where finding suitable investments proves difficult;
3. increasing price competition for the Shares; and
4. the promotion of a more efficient capital structure.

6.7 Disadvantages of Introducing a Share Buy-back

The key disadvantages of the on-market buy-back being allowed to proceed are as follows:

1. it reduces the cash balances of the Company; and
 2. it is on a selective rather than equal access basis.
- 6.8 The financial effect of the proposed buy-back will be to deplete the Company's cash reserves and/or to increase its borrowings depending upon the appropriate funding mix utilised by the Directors at the time the offer proceeds. Against this, the share capital of the Company will be reduced with a likely beneficial increase of net tangible asset backing per share. The offer will not proceed if the buy-back would materially prejudice the Company's ability to pay its creditors.

The Company intends to utilise its cash reserves to pay for the Shares it buys-back when making the on-market offer and to supplement same with borrowings. The break-up between one and the other will depend on the circumstances of the Company at the time the offer is made and will be detailed in the relevant announcement to the ASX.

By way of example, an on-market buyback offer at \$0.10 per Share would require maximum funding of approximately \$4,277,815 (assuming full acceptance of the buy-back offer 25%).

1. Accepting the on-market Share buy-back may have financial, taxation, or other ramifications for Shareholders depending upon each such Shareholders' personal circumstances and the Board recommends that before accepting any on-market offer, Shareholders should obtain their own professional advice.
2. The financial statements of the Company are available on the Company's website at www.cyclopharm.com.au.
3. The Company is satisfied that this notice of meeting and explanatory statement set out all the information known to the Company that is material to the decision how to vote on the resolution.

If approval of Resolution 5 is not given, the Company is still able to buy-back on market the maximum number of Shares permitted under the 10/12 limit without Shareholder approval.

6.9 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.



7. EXPLANATION AND SUMMARY OF RESOLUTION 6 – APPROVAL OF PROPORTIONAL TAKEOVER BIDS

- 7.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as a **special** resolution:

“That pursuant to sections 136(2) and 648G of the Corporations Act 2001 (C’wlth) as amended, Rule 163 of the Constitution (requiring shareholder approval of proportional takeover bids) that ceased to be effective in 2008 again be adopted as Rule 163 of the Constitution of the Company.”

- 7.2 Approval of Proportional Takeover Bids

The Corporations Act 2001 (C’wlth) as amended permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless shareholders in general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company’s constitution apply for a maximum period of 3 years, unless earlier renewed. In the case of the Company, such a proportional takeover rule (existing Rule 163) was inserted by special resolution in 2005. The existing Rule was therefore operative until 2008 and has now expired.

Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act.

If approved by shareholders at the meeting, Rule 163 will operate for 3 years from the date of the meeting (ie. until 21 May 2012), unless earlier renewed.

The effect of the Rule will be that where a proportional takeover bid is made for securities in the Company (ie. a bid is made for a specified proportion, but not all, of each holder’s bid class securities), the Directors must convene a meeting of shareholders to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid closes.

The Rule requires in accordance with the Corporations Act, that a majority of votes at the meeting, excluding votes by the bidder and associates, is required to approve any proportional takeover bid. If the resolution is rejected, the registration of any transfer of shares resulting from the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

If the proportional takeover bid is approved, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company.

The Corporations Act provides that if, of the meeting of shareholders is not held within the time required, then the proportional takeover bid will be deemed to have been approved by shareholders, thereby allowing the bid to proceed.

The Rule does not apply to full takeover bids.

Your Directors consider that inclusion of this Rule in the Constitution is in the interests of all shareholders of the Company. In the Directors’ view, shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, shareholders may not have the opportunity to dispose of all their securities and risk being part of a minority

interest in the company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the securities less attractive and accordingly more difficult to sell. The Rule would only permit this to occur with the approval of a majority of shareholders.

For Shareholders', the potential advantage of the Rule is that it provides all shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords shareholders an opportunity to have a say in the future ownership and control of the Company. Your Directors believe this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic.

On the other hand, a potential disadvantage for shareholders arising from the Rule is that proportional takeover bids may be discouraged by the further procedural steps that the Rule will entail and accordingly this may reduce any takeover speculation element in the price of the Company's securities. Shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

These advantages and disadvantages of the Rule have been applicable during the period that the Rule has been in effect. It should be noted that during the period that the Rule was in effect and since no takeover bid for securities in the company (whether proportional or otherwise) has been announced or made.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to the Rule or that have been applicable during the period that the Rule was in effect. The Directors will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

As at the date of this Notice, none of the Directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

7.3 Proposed Rule 163 (which is the same as the Rule that has expired) from the Company's Constitution will read as follows:

"163. Partial takeovers
[compare section 648D]

163.1 In this Rule 163:

- (1) proportional takeover scheme means a proportional takeover bid as defined in section 9 of the Act and regulated by section 648D of the Act;
- (2) relevant day in relation to a takeover scheme means the day that is the 14th day before the end of the period during which the offers under the takeover scheme remain open; and
- (3) a reference to a person associated with another person has the meaning given to that expression by Division 2 of Part 1.2 of the Act.

163.2 Where offers have been made under a proportional takeover scheme in respect of shares included in a class of shares in the Company:

- (1) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASTC Settlement Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover scheme is prohibited unless and until a resolution (in



- this rule 163.2 referred to as an approving resolution) to approve the takeover scheme is passed in accordance with this rule 163;
- (2) a person (other than the offeror or a person associated with the offeror) who, as at the end of the day on which the first offer under the takeover scheme was made, held shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to 1 vote for each of the shares;
 - (3) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and
 - (4) an approving resolution that has been voted on, is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 1/2, and otherwise is taken to have been rejected.
- 163.3 The provisions of this constitution that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to this rule 163 as if the last mentioned meeting were a general meeting of the Company.
- 163.4 Where takeover offers have been made under a proportional takeover scheme then the Directors must ensure that a resolution to approve the takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme.
- 163.5 Where a resolution to approve a takeover scheme is voted on in accordance with this rule 163, the Company must, on or before the relevant day in relation to the takeover scheme:
- (1) give to the offeror; and
 - (2) serve on each notifiable securities exchange in relation to the Company;
- a notice in writing stating that a resolution to approve the takeover scheme has been voted on and that the resolution has been passed, or has been rejected, as the case requires.
- 163.6 Where, at the end of the day before the relevant day in relation to a proportional takeover scheme under which offers have been made, no resolution to approve the takeover scheme has been voted on in accordance with this rule 163, a resolution to approve the takeover scheme must, for the purposes of this rule 163, be treated as having been passed in accordance with this rule 163.
- 163.7 Where a resolution to approve a proportional takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme and is rejected, then:
- (1) despite section 652A of the Act, all offers under the takeover scheme that have not, as at the end of the relevant day, been accepted, and all offers under the takeover scheme that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and
 - (2) a person who has accepted an offer made under the takeover scheme is entitled to rescind the contract (if any) resulting from that acceptance.
- 163.8 Nothing in this rule 163 authorises the Company to interfere with any takeover transfer procedures contained in the ASTC Settlement Rules.



163.9 This rule 163 ceases to have effect on the 3rd anniversary of the date of its adoption or of its most recent renewal.”

7.4 A special resolution is required for Resolution 6 which means at least 21 days’ notice of this Meeting was required and, to be passed, the Resolution requires an affirming vote by 75% of those present at the Meeting in person, by proxy, attorney or representative and entitled to vote.

7.5 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.



8. GLOSSARY OF TERMS

In this explanatory statement, the following expressions have the following meanings:

Annual Report means the report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the remuneration report and the report of the Auditors to which reference is made in this explanatory statement;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Ltd trading as Australian Securities Exchange;

Auditors means Russell Bedford NSW, Chartered Accountants, the Company's external auditors;

Board means the Directors of the Company from time to time;

Company means Cyclopharm Limited ACN 116 931 250 the registered office of which is located at Suite 630, 1 Queens Road, Melbourne, Victoria, 3004 Australia;

Constitution means the Constitution of the Company adopted by the Shareholders dated 31 October 2005;

Corporations Act means the *Corporations Act 2001* (Cth), as amended;

Directors means the Directors of the Company from time to time sitting as the Board or individually as the case requires;

Meeting or **Annual General Meeting** means the annual general meeting of Shareholders convened by the Notice of Meeting;

Notice of Meeting means the notice of annual general meeting dated 16 April 2009 which accompanies this explanatory statement;

Participant means a Shareholder who for the time being participates in the Plan in respect of all the Shares registered in their name and means a person who is the holder of **Participating Shares**;

Record Date means the date when Shareholders on the register are entitled to receive a dividend, determined by the Directors and announced to the ASX;

Resolution means an ordinary resolution referred to in the Notice of Meeting;

Share means a fully paid ordinary share in the capital of the Company;

Shareholders means the holders of Shares in the Company as recorded in the register no later than 48 hours before 11.00am on 21 May 2009, the date and time of the 2009 Annual General Meeting; and

Share Registry means Gould Ralph Pty Ltd of Level 42, Suncorp Place, 259 George Street, Sydney, NSW, 2000.

9. SHAREHOLDER ENQUIRIES

Shareholders with questions regarding this Notice of Meeting and Explanatory Statement should contact the Company Secretary on +61 3 9867 2811 during normal office hours, contact details as shown below. He will attempt to answer your questions or refer you to someone who can do so, but no person is authorised by the Company to give any information, or make any representation, in connection with the Notice or Explanatory Statement not contained in them.

Cyclopharm Limited

ABN 74 116 931 250

PROXY FORM

**TO: The Company Secretary
Cyclopharm Limited (Company)
Suite 630, Level 6, 1 Queens Road, Melbourne, Victoria, 3004**

FAX: (+613 9820 5957)

Appointment of Proxy
I/We, _____ [Name of member(s)]

of _____ [Address]

being a member(s) of the Company and entitled to attend and vote appoint as my/our proxy

_____ [Name of Proxy]

of _____ [Address of Proxy]

or, failing the individual or body corporate named, or if left blank, the Chairman of the Annual General Meeting of the Company to be held on Thursday, 21 May 2009 at 11.00 am (Melbourne time) at Level 1, 1 Queens Road, Melbourne, Victoria, 3004 Australia to act generally at the meeting on my/our behalf and to vote for me/us at that meeting and at any adjournment of it.

Appointing a Second Proxy - If you wish to appoint two proxies, see overleaf, item 4.

Voting directions to your proxy – please mark to indicate your directions

I/We direct my/our Proxy to vote in accordance with the directions below. Unless the Proxy is directed, they may vote or abstain as they think fit, as they will on any other matters arising at the meeting.

No.	Resolutions	For	Against	Abstain *
1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of director (Mr D J Heaney)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Election of director (Mr J S Sharman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Long term incentive plan: grant of a limited recourse loan to Managing Director to purchase shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Share Buy-back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of Proportional Takeover Bids	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote any undirected proxies in favour of the resolutions.

*** If you mark the Abstain box for an item of business, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll or, if your votes entitlement cannot be voted by the Chairman of the Meeting, your votes will not be counted in computing the required majority on a poll. Accordingly, the Directors urge Shareholders to lodge only "directed" proxy forms.**

Authorised signature/s		
This section must be signed in accordance with the instructions below to enable your directions to be implemented.		
Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Individual/Sole Director and Sole Company Secretary	Director	Director/Company Secretary
...../...../.....
Contact Name	Contact Daytime Telephone	Date

How to complete this Proxy Form

1 Your Name and Address

The Annual Report and Notice of Meeting documents have been sent to your name and address as it appears on the share register of Cyclopharm Limited. If this information is incorrect, please advise the Company of your new details. Shareholders sponsored by a broker should advise their broker of any changes.

Please note you cannot change ownership of your Shares using this form.

2 Appointment of a Proxy

If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy and vote on your behalf. A proxy need not be a Shareholder of Cyclopharm Limited.

3 Votes on items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy will vote as they choose. If you mark more than one box on a resolution your vote on that resolution will be invalid.

4 Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on (+613 9867 2811) or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If two Proxy Forms are received but no percentage or number of votes is indicated, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together in the facsimile transmission or in the same envelope.

5 Authorised Signature(s)

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

- Joint Holding : where the holding is in more than one name all of the holders must sign.
- Power of Attorney : to sign under a power of attorney, you must have already lodged the power of attorney with the share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.
- Companies : a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary (or where there is no Company Secretary) can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of corporate shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company or share registry.

6 Lodgement of Proxy

To be valid the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be lodged with the Company:

- (a) at Suite 630, Level 6, 1 Queens Road, Melbourne, Victoria, 3004;
- (b) at the registered office; or
- (c) by faxing it to fax number (+613) 9820 5957 or the registered office,

not later than **11.00am** (Melbourne time) on **Tuesday, 19 May 2009**, being 48 hours before the holding of the Meeting.

Shareholders are urged to complete any one of the "FOR", "AGAINST" OR "ABSTAIN": boxes thereby giving a directed proxy which then can be voted in all circumstances.

Documents may be lodged: by posting, delivery or facsimile to Cyclopharm Limited at the address opposite:	Suite 630, Level 6, 1 Queens Road, Melbourne, Victoria, 3004 Facsimile: (+613) 9820 5957
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SHAREHOLDERS ARE URGED TO COMPLETE ANY ONE OF THE "FOR", "AGAINST" OR "ABSTAIN" BOXES ON THE PROXY FORM THEREBY GIVING A DIRECTED PROXY WHICH THEN CAN BE COUNTED IN ACCORDANCE WITH YOUR WISHES.