

5 October 2011

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders is to be held at Gould Ralph, Level 42, Suncorp Place, 259 George Street, Sydney NSW 2000 on Tuesday 8 November 2011 at 11.00 am.

### Ordinary Resolutions

To receive and consider the Company's annual financial report, the directors' report and the auditors' report for the year ended 30 June 2011.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

#### 1. Adoption of the Remuneration Report

*'That the Remuneration Report for the year ended 30 June 2011 be and is hereby adopted.'*

#### 2. Election of a Director

*'That Ian Mitchell be and is hereby re-elected as a Director.'*

#### 3. Termination of Existing Employee Option Plan

*'That no further options be issued under the Employee Option Plan approved by Shareholders on 15 July 2010.'*

#### 4. Approval of Medical Australia Limited Employee Share and Option Plan

*'That for the purpose of Exception 9 to ASX Listing Rule 7.2 and Section 260C of the Corporations Act 2001 shareholders approve the establishment of the Medical Australia Limited Employee Option Plan a copy of which is annexed hereto and the terms and conditions thereof.'*

### Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by a director, a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and an associate of that person.

However, the Company need 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 meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

## **5. Issue of Employee Share Options to Mark Donnison**

*'That the Company issue and allot 2,500,000 employee share options to acquire ordinary shares in the Company expiring on 14 July 2014 to Mark Donnison, a Director and the Chief Executive Officer of the Company at the exercise price of 5 cents per option'.*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast by any Director of the Company on this resolution and their associates.

However, the Company need 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 meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

To transact any other business that may be brought forward in accordance with the Company's constitution.

By order of the Board

Ian Mitchell  
Director/Company Secretary

**ANNUAL GENERAL MEETING  
TO BE HELD ON 8 NOVEMBER 2011  
EXPLANATORY NOTES**

**Resolution 1**

The Remuneration Report, which can be found in the Directors' Report in the Company's 2011 Annual Report, contains certain prescribed details and sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind Directors.

Directors and Senior Executives whose remuneration is disclosed in the Report will be excluded from voting on this resolution. If 25% of the votes cast on this resolution oppose the adoption of the Report and comments are made on the report at the meeting the Board must report its responses to such comments at the next Annual General Meeting.

**Resolution 2**

In accordance with Article 58 of the Company's Constitution and the Corporations Act. Mr Ian Mitchell retires as a Director by rotation and, being eligible, offers himself for re-election.

**Resolution 3**

The existing Employee Option Plan of the Company was approved by shareholders at a General meeting of the Company on 15 July 2010. In the light of recent legislative changes to the taxation of employee Share Options and trends in relation to the funding and conditions of the issue of such options, the Directors have determined that the existing scheme does not fulfil the Company's requirements.

Accordingly, it is proposed that the existing Employee Option Plan be terminated and replaced by a new Employee Share Option Plan (See resolution 4).

There are a total of 8,250,000 existing employee options issued under the existing Option Plan which must be exercised by 14 July 2015 as to 6,000,000 and 3 September 2014 as to 2,250,000.

The Directors intend that such options will remain but that no further options be issued under the existing plan.

**Resolution 4**

ASX Listing Rules and Corporations Act 2001 require that shareholders determine whether or not to approve an Employee Share Option Plan and the terms and conditions thereof. An extract of the terms of the Medical Australia Limited Employee Share and Option Plan is set out hereunder. A full copy of the Plan is available to shareholders upon request. The exercise price of options issued under the Employee Share and Option Plan will be as determined by the Board at the time of issue.

1. The Medical Australia Limited Employee Share and Option Plan provides that the Board may issue shares and options under the plan to selected employees (including directors – subject to ASX listing rules) without charge on such terms as the Directors may determine consistent with the Rules of the Plan.

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2. The number of Shares and Options so issued must not exceed 10% of the total number of ordinary fully paid shares of the Company then on issue and the terms of issue of the options must also comply with the Corporations Act and the ASX Listing Rules and do comply specifically with ASX Listing Rules 6.16 and 6.19.
  3. If there is a pro rata issue of securities (except a bonus issue) to the holders of the underlying securities of the Company, the exercise price of an option may be reduced as provided in ASX Listing Rule 6.22.2.
  4. Each option entitles the holder to subscribe for the number of ordinary fully paid shares at the exercise price specified in the option before the expiry date. The exercise price will be as determined by the Board at the time of issue immediately preceding the date upon which the options are exercised.
  5. The Directors may offer to a subscriber for shares or an optionholder a loan from the Company for the purpose of funding a subscription for shares to be taken up under the plan. Such a loan shall be interest free. Any such loan shall be repaid from any sale of such shares or on cessation of employment by the Company of a participant in the Plan.
  6. The repayment of any such share purchase loan shall be limited to the lesser of the amount of the loan or the sale price of the subject shares.
  7. The options will not be quoted on ASX until exercised and are not assignable otherwise than in accordance with the Corporations Act.

## **Resolution 5**

### **Terms and Issue and Allotment of Options**

These Options are to be issued under the terms of the Employee Share Option Plan ('the Plan') referred to in Resolution 4.

For the purpose of ASX Listing Rule 10:14 the following information is provided:

- The maximum number of options to be issued is 2,500,000
- The options will be issued and allotted on 9 November 2011 and in any case not later than one month after the date of the meeting
- The options will be issued for nil consideration
- The exercise price of the options will be 5 cents each
- Persons entitled to participate under the Plan are such employees (including Directors) as shall be selected by the Directors on terms consistent with the Rules of the Plan
- The allottee is set out in the above resolution.
- No persons have received securities under the Plan.
- Each option may be converted to one fully paid ordinary share in the capital of the Company
- The funds raised on conversion will contribute towards additional working capital of the Company
- The expiry date of the options is 14 July 2014
- A Voting Exclusion Statement is set out above
- No application will be made by the Company to seek quotation of any of the options until and unless the options are exercised.
- The terms of the options will allow the rights of the option holder to be changed to comply with the listing rules applying to the reorganisation of capital at the time of reorganisation
- The terms of the option will provide that the option holder cannot participate in new issues without exercising the option.
- Loans may be attached to the issue of the securities (See explanatory notes to Resolution 4 above)

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the Australian Securities Exchange Limited at 7:00pm Sydney time on 4 November 2011 are taken, for the purposes of this general meeting to be held by the person who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

## FORM OF PROXY

I/we .....  
of .....

being a member/members of Medical Australia Limited HEREBY APPOINT

.....  
or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Members of the Company to be held at 11.00 am on 8 November 2011 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate boxes below:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re - Election of Ian Mitchell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Termination of Existing Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of employee share options to Mark Donnison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. If you mark the abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### Important:

*If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of any resolution, please place a mark in the box. This statement applies to all the resolutions to be considered at this meeting. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolution.*

☐

Dated this ..... day of ..... 2011.

Signatures of Member(s) .....

THE COMMON SEAL of ..... A.C.N. ....

was hereunto affixed in accordance with its Constitution in the presence of:

.....

Director

Secretary

## PROXY INSTRUCTIONS

1. A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
2. Where more than 1 proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. All joint holders must sign.
5. All executors of deceased estates must sign.
6. This Proxy Form (and the original or certified copy of any power of attorney under which this proxy form is signed) must be received at the address given below no later than 48 hours before the time appointed for holding the meeting:
  - in person or by mail to the Company's registered office, Level 11, 37 Bligh Street, Sydney, NSW 2000 Australia; or
  - by facsimile on +61 2 9232 6826; or
  - in person; or
  - mail to Gould Ralph Pty Limited at Level 42, Suncorp Place, 259 George Street, Sydney NSW 2000 or
  - their facsimile on +61 2 9032 3088

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