



**MEDICAL AUSTRALIA LIMITED**  
ACN 096 048 912

**NOTICE OF GENERAL MEETING**  
**AND**  
**EXPLANATORY MEMORANDUM**

**For a General Meeting to be held at Gould Ralph, Level 42, Suncorp Place, 259 George Street, Sydney on 15 July 2013 at 11:00am.**

**AS THIS IS AN IMPORTANT DOCUMENT, PLEASE READ IT CAREFULLY**

If you are unable to attend the General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

## **Medical Australia Limited (ACN 096 048 912)**

### **Notice of General Meeting**

Notice is given that a General Meeting of Shareholders of Medical Australia Limited ('MLA' or 'the Company') will be held at Gould Ralph, Level 42, Suncorp Place, 259 George Street, Sydney, on Monday 15 July 2013 at 11.00 am AEST ('Meeting'). The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

#### **Special Business:**

##### **Resolution 1 – Consolidation of Capital**

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

"That, for the purpose of Section 254H of the Corporations Act 2001 and clause 28 of the Company's Constitution and for all other purposes with effect from 31 July 2013, the share capital of the Company be consolidated through the conversion of every ten fully paid ordinary shares in the Company into one fully paid ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares and that options on issue be adjusted in accordance with Listing Rule 7.22.1."

##### **Resolution 2 – Issue and allotment of shares to Medivet Pty Ltd (Medivet)**

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

"That subject to Resolutions 2 and 3 being carried by the meeting the Company approval is hereby given for the issue and allotment to the shareholders of Medivet Pty Ltd as set out in the Schedule to this Notice of Meeting a total of 16,666,667 ordinary shares in the Company deemed fully paid within one month from the date hereof".

#### **Voting Exclusion Statement:**

In accordance with ASX Listing Rules 7.1, 10.1 and 14.11 and Section 224 of the Corporations Act 2001 the Company will disregard any votes cast on this resolution by 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, a party to the transaction 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 a direction on the proxy form to vote as the proxy decides.

##### **Resolution 3 – Issue and allotment of shares to Sophisticated, Professional and International Investors**

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

“That subject to Resolutions 2 and 3 being carried by the meeting for the purposes of ASX Listing Rule 7.1 and Section 708(11) of the Corporations Act and for all other purposes approval is hereby given for the issue and allotment of 40,000,000 ordinary fully paid shares in the capital of the Company to such sophisticated professional or international investors as the Directors shall determine other than related parties at a price of \$0.30 per share within three months from the date hereof”.

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by 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 any 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.

### **Listing Rule 7.3**

In accordance with ASX Listing Rule 7.3 the Company discloses

- a) The maximum number of securities to be issued and allotted pursuant to this resolution is 40,000,000.
- b) The date by which the securities will be issued and allotted is as soon as practicable but not later than three months from the date of this meeting
- c) The issue price of the securities is \$0.30 per share issued
- d) The allottees of the securities are not known at this time but will be such professional or international investors as the Directors shall determine as defined in the Corporations Act, other than related parties.
- e) The funds to be raised from the issue and allotment of shares will be applied towards part of the consideration for the purchase of the business and business assets of Medivet and for the commissioning development and leasing costs of a manufacturing facility, costs of fund raising (including commissions) and for working capital (See paragraph 10 of the Explanatory Memorandum).
- f) The securities will rank pari passu with all other ordinary shares issued by the Company

### **Explanatory Memorandum**

Shareholders are advised to read the attached Explanatory Memorandum which forms part of this Notice containing full details of the proposal for issue of the shares set out in resolutions two and three and application of funds to be raised from the share placements to be made pursuant to resolution three by the Company should those resolutions be approved.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as shareholders of the Company at 5pm on 11 July 2013.

**By Order of the Board**

Dated: 12 June 2013

Ian Mitchell  
Director/Company Secretary

## PROXY FORM

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 and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Members of the Company to be held at 11.00 am on 15 July 2013 and at any adjournment thereof.

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

| Resolution   | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| 1 Consolidation of Capital   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Issue of shares to Shareholders in Medivet Pty Ltd                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Issue of shares to Sophisticated, Professional and International Investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### Important information if the Chairman of the Meeting is your proxy or is appointed as your proxy by default.

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions as set out below. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called on this resolution. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the voting box above (for example if you wish to vote for, against or abstain from voting) or by marking the box below (in which case the Chairman of the Meeting will vote in favour of each resolution on your behalf)

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

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions (except where I/we have indicated a different voting intention).

---

### Signature of Security holder(s) *This section must be completed.*

Dated this . . . . . day of June 2013

Signatures of Securityholder(s).

Individual Securityholder(s)

Sole Director & Company Secretary

Director & Director/Company Secretary

## Proxy Form

**For your vote to be effective it must be received by 11:00 am AEST on 11 July 2013.  
How to Vote on Items of Business**

All your securities will be voted in accordance with your directions. **Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 in the next page.

**A proxy need not be a security holder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the security holder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the security holders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate security holder or proxy is to attend the meeting you will need to provide the appropriate Certificate of Appointment of Corporate Representative" prior to admission.

### Lodgement of Proxy Appointment Form

Proxy Appointment Forms and proxy appointment authorities, for example, the original or a certified copy of the power of attorney (if the Proxy Appointment Form is signed by an attorney) must be received:

- at Level 11, 37 Bligh Street, Sydney: or
- by fax, on fax number +61 2 9233 3828.

**not later than 48 hours before the time appointed for holding the General Meeting.**

Documents received after that time will not be valid for the scheduled meeting.

Schedule to Notice of General Meeting of members of Medical Australia Limited to be held on 15 July 2013

| Medivet Pty Ltd shareholder    | Shares held in Medivet Pty Ltd | Post-Consolidation Shares to be issued in MLA |
|--------------------------------|--------------------------------|---|
| Y.Z.J Trading Co Pty Ltd       | 14,007,619                     | 11,673,017                                    |
| Leslie & Gladys Sprankling     | 500,000                        | 416,667                                       |
| Andrea Brown                   | 260,000                        | 216,667                                       |
| DB Genetics LLC                | 1,500,00                       | 1,250,000                                     |
| Adistem Ltd                    | 500,000                        | 416,667                                       |
| David Petrowski                | 70,000                         | 58,333  |
| James Hackett                  | 600,000                        | 500,000                                       |
| Kellie Murray                  | 150,000                        | 125,000                                       |
| Bayman Marshall                | 100,000                        | 83,333  |
| Eco-City Pty Ltd               | 44,915                         | 37,429  |
| Gail Smith                     | 21,466                         | 17,888  |
| Ian Mitchell Marketing Pty Ltd | 120,000                        | 100,000                                       |
| Laurie Beaver                  | 20,000                         | 16,667  |
| Robert Harbone                 | 40,000                         | 33,333  |
| Robert Famolaro-Beytia         | 400,000                        | 333,333                                       |
| Delk Enterprises Inc.          | 800,000                        | 666,667                                       |
| Michael Hutchinson             | 400,000                        | 333,333                                       |
| Brooke Reed                    | 20,000                         | 16,667  |
| Daryl Chipperfield             | 16,000                         | 13,333  |
| Kenneth McDonald               | 400,000                        | 333,333                                       |
| Andrew Walker                  | 20,000                         | 16,667  |
| Andrew Marty                   | 10,000                         | 8,333   |
| <b>TOTAL</b>                   | <b>20,000,000</b>              | <b>16,666,667</b>                             |



**MEDICAL AUSTRALIA LIMITED**  
ACN 096 048 912

**EXPLANATORY MEMORANDUM FOR THE PURCHASE OF THE  
WHOLE OF THE BUSINESS AND BUSINESS ASSETS OF  
MEDIVET PTY LTD (ACN 130 137 101) BY MEDICAL AUSTRALIA  
LIMITED**



# **Medical Australia Limited (ACN 096 048 912)**

## **Explanatory Memorandum**

### **1. Background Information**

This explanatory memorandum forms part of the Notice convening a Meeting of Members of the Company to be held on 15 July 2013. The purpose of the Memorandum is to assist shareholders in understanding the background to the resolutions for Consolidation of capital (Resolution 1) and the issue of shares and payment of monies to Medivet Shareholders for the purchase of the Medivet business and business assets and the application of funds proposed to be raised from placement of shares in MLA (Resolutions 2 and 3).

### **2. Resolution 1 – Consolidation of Capital**

#### **(a) Reasons for Consolidation**

Resolution 1 seeks shareholder approval to consolidate the Company's issued capital by converting every ten existing shares into one new share ('Consolidation').

The purpose of the Consolidation is to provide the Company with a more appropriate capital structure for a Company of its size and nature. The Company currently has 453,925,832 twenty cent fully paid shares on issue. The Directors consider having such a large number of shares on issue subjects the Company to a number of disadvantages including:

- Additional share price volatility arising from the fact that a change in the price of the shares represents a higher percentage of the share price than it would if the Company had a greater share price;
- The Company has a far greater number of shares on issue than comparable companies; and
- Negative perceptions associated with a low share price.

The shares of the Company have traded on ASX in the range 0.008 cents to 0.022 cents over the past twelve months.

Prior to the proposed Consolidation, the number of existing Options (to purchase twenty cent fully paid shares) on issue (none of which are listed options), if all options were exercised, would result in an increase in the existing share capital by a further 12,500,000 shares.

#### **(b) Effects of Consolidation**

- (i) Section 246B of the Corporations Act provides that a special resolution must be approved by shareholders to effect a consolidation of the existing Shares of the Company (75% majority) and if all existing shareholders of the Company do not approve then shareholders holding in aggregate at least 10% of the Company's shares may apply to have the consolidation set aside within one month after approval of such resolution.

- (ii) If the proposed share Consolidation is approved by shareholders, the number of ordinary fully paid shares on issue will be reduced from 453,925,832 to approximately 45,392,583.
- (iii) As the Consolidation applies equally to all of the Company's shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions. All fractions of a share will be rounded down). It follows that the Consolidation will have no material effect on the percentage interest of each individual shareholder in the Company. Therefore, if a shareholder currently has 454,000 shares representing approximately 0.1 percent of the Company's issued capital, then if the share Consolidation is approved and implemented, the shareholder will have 45,400 shares following the consolidation, still representing the same 0.1 percent of the Company's issued capital.

Similarly, the aggregate value of each shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the share Consolidation alone (that is assuming no other market movements or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of shares on issue.

Current rights attaching to the shares will not be affected by the Consolidation.

- (iv) **Tax implications for shareholders**  
The summary in this section is general in nature. In addition, particular taxation implications will depend upon the circumstances of each shareholder. Accordingly, shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences for them from the proposed share Consolidation.

The share consolidation will be undertaken in accordance with Section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each shareholder in the Company as a result of the consolidation.

The share consolidation will occur through the conversion of every ten ordinary shares in the Company into one ordinary share in the Company. No capital gains tax (CGT) event will occur as a result of the Company share consolidation and therefore there will be no taxation implications arising for the Company's shareholders arising from such consolidation.

- (v) **Options**  
Resolution 1 also seeks shareholder approval for the Options on issue to be adjusted in accordance with Listing Rule 7.22.1. Listing Rule 7.22.1 requires that the number of Options on issue be consolidated in the same

ratio as the shares and their exercise prices be amended in inverse proportion to that ratio.

Accordingly, if Resolution 1 is passed, every ten existing Options on issue will be consolidated into one Option and the current exercise price of each Option will be multiplied by ten to obtain the new exercise price post-Consolidation. The tables below show the number of Options and their exercise price after the Consolidation is approved.

#### **Options granted to Directors**

| <b>Grant Date</b> | <b>Present Number of options</b> | <b>Post Consolidation Number of options</b> | <b>Exercise Price per option</b> | <b>Exercise Date</b> |
|-------------------|----------------------------------|---|----------------------------------|----------------------|
| 17/09/09          | 3,000,000                        | 300,000                                     | 80c                              | 30/06/14             |
| 01/02/11          | 2,500,000                        | 250,000                                     | 50c                              | 14/07/14             |
| 09/11/11          | 2,500,000                        | 250,000                                     | 50c                              | 14/07/14             |

#### **Employee Share Options**

| <b>Grant Date</b> | <b>Present Number of options</b> | <b>Post Consolidation Number of options</b> | <b>Exercise Price per option</b> | <b>Exercise Date</b> |
|-------------------|----------------------------------|---|----------------------------------|----------------------|
| 01/02/11          | 2,250,000                        | 225,000                                     | 50c                              | 14/07/14             |
| 14/09/11          | 2,250,000                        | 225,000                                     | 50c                              | 14/07/14             |

None of the options issued by the Company are listed options and none of the current rights attaching to any options will be affected by the Consolidation.

(vi) **Timetable**

The Consolidation will take effect on 31 July 2013 ('Effective Date') in accordance with the following proposed timetable:

|  |   |
|--|---|
| 15 July 2013                               | Shareholder approval  |
| 22 July 2013                               | Trading commences in the Consolidated securities on a deferred settlement basis   |
| 31 July 2013                               | Effective Date of consolidation   |
| 7 August 2013                              | First day for the Company to send a notice to each security holder, first day for the Company to register securities on a post consolidation basis and first day for issue of holding statements.<br>From then on, the Company must reject transfers that were issued before the consolidation. |
| Between 7 August 2013 and 6 September 2013 | Issue of shares the subject of Resolutions 2 and 3  |

|               |  |
|---------------|--|
| 29 July 2013  | Despatch date. Deferred settlement market ends. Last day for the Company to send notice to all shareholders. |
| 5 August 2013 | Last day for securities to be entered into the holder's security holdings.                                   |

(vii) After consolidation

As from the effective date of the consolidation (31 July 2013), all holding statements for shares and certificates for Options will cease to have any effect except as evidence of entitlement to a certain number of post-consolidation shares and options.

After the consolidation becomes effective, the Company will despatch a notice to shareholders and optionholders advising them of the number of shares and options held by each shareholder and optionholder (as the case may be) both before and after the Consolidation. The Company will also arrange for new holding statements and option certificates to be issued to shareholders and optionholders.

(c) Interdependency with the other resolutions

The Directors have determined that Resolution 1 is not dependent on any other resolution that is being submitted to shareholders at this General Meeting. In particular, if Resolution 1 is approved by shareholders, the share consolidation will be undertaken, whether or not the other resolutions are also approved by shareholders.

(d) Post consolidation share issues

All the shares proposed to be issued and allotted if Resolutions 2 and 3 are both approved by the meeting are expressed to be in post-consolidation share numbers.

(e) Directors' recommendation

The Company's Directors unanimously recommend that shareholders vote in favour of the share consolidation. Each Director intends to vote all the Company's shares controlled by him in favour of the proposed share consolidation.

(f) No other material information

Other than as set out in this document, and other than information previously disclosed to the shareholders of the Company, there is no other information that is known to the Company's Directors which may reasonably be expected to be material to the making of a decision by the Company's shareholders regarding whether or not to vote in favour of the share consolidation.

The chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

### **3. Resolutions 2 and 3 – Structure of MLA**

MLA has been listed as a public Company on the ASX Official List since 2004 (ASX:MLA). From time to time funds have been raised from the public by the issue and allotment of shares as well as the acquisition of similar businesses by the Company through a mixture of cash and shares in MLA. The total issued share capital is now 453,925,832 shares. All of these shares are listed on the ASX and are tradable. Resolution 1 to be considered at the meeting proposes a Consolidation of all the Company's shares and options on a one for ten basis. There are 12,500,000 options on issue at exercise prices between 5 and 8 cents per option by June and July 2014. All issued shares are of the same class and are fully paid and carry the same voting entitlements. As at 31 December 2012 the cash assets of the Company totalled \$313,346. There have been no unusual movements in such assets since that date.

### **4. MLA Business**

The company has grown through the merger of BMDI and Tuta in 2008 & Clements in 2009. MLA is a manufacturer & distributor of medical devices and consumables used in the healthcare industry including sterile and non-sterile medical plastics for use in surgery and transfusion as well as patient suction pumps and oxygen therapy devices. MLA operates in many international markets including Australasia, United Kingdom, Middle East, Europe and North America.

MLA has been a supplier to and currently manufactures centrifuges, water baths and IV sets for Medivet, sold under the Medivet brand. In addition MLA is currently Medivet's exclusive distributor in the UK which has provided MLA with a better understanding of the products supplied and specifications required for Medivet products. This relationship with Medivet has provided MLA with valuable insights into its markets and regulations which will aid the transition following the proposed purchase of Medivet.

### **5. The structure of Medivet Pty Ltd**

Medivet is an Australian incorporated private company with 22 shareholders. The Medivet shareholders will hold a meeting of that Company to approve the sale of the business and assets of Medivet to MLA in consideration of the issue and allotment of shares and the payment of cash to the shareholders of Medivet by MLA as set out in the Schedule to the Notice of Meeting.

After the completion of such sale MLA will be the beneficial owner of all shares in and the business and assets of Medivet. The sale and purchase of the Medivet business and assets is dependent upon Medivet shareholders resolving to sell the Medivet business and assets to MLA and upon MLA raising sufficient funds by share placements pursuant to Resolution 3 for the Sale and Purchase of Medivet to be completed (at least \$7,500,000).

### **6. The Medivet Business**

Medivet is an Australian private company which has a distribution agreement with Adistem Limited which provides for it to have exclusive access to technology for regenerative stem cell technology for domestic animals and the equine industry. The company commenced operations in 2008 and has made substantial progress in providing services to pet owners and veterinary surgeons.

The main products of Medivet Pty Ltd are as follows:

Adipose Stem Cell Procedure (ASCP) kit: MediVet's ASCP Kit uses traditional surgical methods to harvest stem cells from an animal's adipose tissue. Using the ASCP Kit, up to 20-60 million cells per gram of fat can be harvested at a time, which can then be injected into the animal to stimulate the growth of bones, liver cells, nerves, and damaged tissues. In the past, through first generation technology utilised by MediVet competitors, this type of stem cell procedure yielded only hundreds of thousands of cells per gram. Not anymore: as a result of research and partnerships with the University of Sydney and University of Melbourne and Adistem, Inc., among others, MediVet is now able to offer its veterinary clients the ability to obtain and set benchmarks in the regenerative medicine industry.

The ASCP Kit requires the veterinarian clinic to purchase of three pieces of equipment in order to offer this procedure on a same-day basis. Each piece of equipment has been designed by or for MediVet. MediVet subcontracts out the manufacturing of the equipment to GMP certified vendors. Each piece of equipment is tested for precision and quality before being sent to MediVet. The equipment comes with a full warranty for all veterinarians. An equipment item list is as follows:

- MediVet Cell Cycle 360 Centrifuge
- MediVet Shaking Hot Water Bath
- MediVet Stem Cell LED Activator (MediVet has obtained an exclusive license from Adistem, Ltd. for this patented product.)

Autologous Conditioned Serum (ACS): ACS contains anti-degenerative compounds such as Interleukin-1 Receptor Antagonist Protein (IL-1ra). IL-1ra blocks the inflammatory mediator Interleukin-1 from binding to its receptor and triggering an inflammatory response that leads to tissue destruction. Another important component of MediVet ACS is Interleukin 10 (IL-10). Recent study of IL-10 validates its usefulness in limiting and ultimately terminating an inflammatory response. The ACS Technology is available through Medivet Laboratory Services.

Platelet Rich Plasma Veterinary Surgical Kit: This kit contains all of the consumables and solutions necessary to enable Veterinarians to create a platelet-rich plasma solution with concentrated growth factors using the animal's own blood.

Multi-Purpose Training System – MPTS360: The MPTS360 is a one-of-a-kind complete ultimate training system for Horses and Camels. The MPTS360 has capabilities to Nebulize medications through an ultrasonic jet nebulizer, perform oxygen therapy as well as Hypoxic and Hyperoxic training simulation (high-altitude simulation).

TB-500: The Thymosin Beta 4 peptide is found in all human and animal cells, where it has been proven to encourage results in tissue and skeletal muscle repair and growth. The Company provides six 10mg vials of Thymosin Beta 4 synthetic peptide and six 5ml ampoules of saline solution. TB-500 is primarily for treating race horses for helping with cellular repair damaged from running hard. The TB-500 is injected subcutaneously (subQ) once per week for 6 weeks. The cost for the procedure is approximately \$400/ week as opposed to the animal receiving pure Thymosin Beta-4 which can cost in excess of \$100,000 for six doses.

Clear Cough: is an oral decongestant and expectorant for horses that assists in clearing out the airways of the respiratory system for horses suffering from congestion and viral or

bacterial lung infections. Clear Cough liquefies mucus and congestion in the lungs and respiratory tract, allowing normal breathing to return.

Vetrofen: A completely natural antioxidant, Vetrofen is composed of a blend of Scutellaria Baicalensis and Acacia Catechu botanical plant extracts, which offer quick and lasting immune-boosting effects. Vetrofen efficiently assists the body as it recovers from trauma and is ideal for the management of knocks and bumps associated with racing events and hard training.

SGF 1000 Activation (2ml or 10ml): The SGF 1000 Activation formula contains a combination of growth factors, peptides, proteins, and molecules from an ovine placental extract that can activate stem cells from a dormant state. The Activation solution can be used on its own without further treatment, as it may help in the repair and recovery of damaged cells without need of transplant. The SGF 1000 will be applied every 30 days as needed and costs about \$400/ month and \$200/ month, for a horse and small animal, respectively.

SGF 1000 Biological Breeding (2 ml or 10 ml): This solution contains a combination of peptides, selected proteins, and signaling molecules, all of which were obtained from the ovine placental extract. The biological breeding formula stimulates stem cells from a dormant state to an active state, allowing for significant levels of potency. The biological breeding solution is able to increase the fertility rates in animals. As a drug-free and chemical-free solution, the biological breeding formula is ideal for enhancing embryonic development and conception rates, as well as boosting an animal's immune system. The solution is taken every 30 days

SGF 1000 Repair & Recovery (2ml or 10 ml): The SGF 1000 Repair & Recovery uses fractionated ovine placental protein extract to assist with repairing and maintaining animals' muscles. SGF 1000 Repair & Recovery has been designed to assist with internal regeneration of cells, as well as accelerate repair to organs on a cellular level.

BioBute: Bio-Bute is a specially formulated, all-natural pain-relief oil with strong penetrating pain relief properties. The product is applied topically.

Other products include animal hardware kits and consumables used in connection with the above.

## **7. The Officers of MLA**

There are four Directors on the Board of MLA:

### **Gary Lewis - Chairman**

Gary Lewis holds both Bachelor of Commerce and a Masters of Business & Technology (MBT) degrees from the University of NSW. Gary has worked in senior management positions in some of Australia's largest organizations, including 15 years in the pharmaceutical industry. He has also worked with a number of Australian publicly listed companies over the past 11 years in advisory positions, with an emphasis on corporate strategy and business development. He is currently also a director of Robust Resources Limited and Reliance Resources Ltd.

Mr Lewis had been a Director since 24 November 2006 and was appointed Managing

Director on 1 March 2007. He resigned as Managing Director in March 2010 and took-up a role as an Independent Non-Executive Director. He was appointed Chairman on 10 January 2012.

**Mark Donnison – Managing Director & Chief Executive Officer**

Mark Donnison has over 20 years of experience in the UK and Australian pharmaceutical industries, and has a successful pedigree in the areas of sales, marketing, business development and business administration. He was previously the company's General Manager of Sales and Marketing. Prior to joining Medical Australia, Mr. Donnison held the position of Director, National Pharmacy Business for Alphapharm. Alphapharm is Australia's largest prescription medicine supplier to the Pharmaceutical Benefits Scheme and a subsidiary of the American based Mylan Pharmaceuticals.

Mr Donnison was appointed CEO on 12 October 2009 and has been a Director since 30 June 2011.

**Dr Geoff Cumming – Non Executive Director**

Dr Geoffrey Cumming has significant healthcare industry experience and holds a Bachelor of Science degree from Swinbourne and Monash University, an MBA from Macquarie University and a PhD from Monash University. He has worked in the biotechnology, medical and healthcare markets for over 30 years and has extensive M&A, government and healthcare regulatory experience. Dr Cumming worked as Managing Director, Oceania for Roche Diagnostic Systems and is currently Chairman of Sienna Cancer Diagnostics and a Director of Anteo Diagnostics Limited.

Dr Cumming has been a Director since 23 January 2009.

**Ian Mitchell – Director and Company Secretary**

Ian Mitchell is a practising lawyer of over thirty five years standing. He has been a Director and Company Secretary of a number of publicly listed Mining and Industrial companies and his legal expertise is in commercial, contractual, ASIC and ASX compliance work. His academic qualifications are BA, Dip Law (Sydney).

Mr Mitchell was appointed Company Secretary on 16 October 2008 and has been a Director since 6 November 2008.

**8. The largest shareholders of MLA as at 29 May 2013**

There are presently 600 shareholders of the Company and the largest five shareholders, and the percentage of share capital owned by each (pre-Consolidation), as at 31 March 2013 is as follows:

| <b><u>Shareholder</u></b>                          | <b><u>Shares</u></b> | <b><u>Percentage of Capital</u></b> |
|--|----------------------|-------------------------------------|
| <b>Mr Andrew Fay and Narelle Fay</b>               | <b>87,884,046</b>    | <b>19.4%</b>                        |
| <b>Mr Mark Donnison &amp; Mrs Suzanne Donnison</b> | <b>19,539,450</b>    | <b>4.3%</b>                         |
| <b>Mr Gary Lewis and Mrs Aviva Schumer</b>         | <b>18,971,247</b>    | <b>4.2%</b>                         |



|                           |                   |             |
|---------------------------|-------------------|-------------|
| <b>Victor Hoog Antink</b> | <b>18,875,000</b> | <b>4.2%</b> |
| <b>Rasa Roberts</b>       | <b>11,956,373</b> | <b>2.6%</b> |

## 9. The proposal

The Company has entered into a Shareholders Sale and Purchase Agreement with Medivet Pty Ltd and a Business Sale Agreement under which it will acquire 100% of the Medivet issued share capital, business and business assets. This agreement is subject to the approval of MLA and all Medivet shareholders. Under the terms of the Sale and Purchase Agreement, MLA has agreed to pay a total of \$5,000,000 to Medivet Shareholders on Completion.

The Company has also agreed to issue and allot 16,666,667 post Consolidation ordinary fully paid shares to Medivet Shareholders within one month of approval by shareholders of MLA of resolutions 2 and 3 to be considered at the meeting. The agreed value for each of such shares is \$0.30 making a total of \$5,000,000 as the value of the share portion of the consideration (Resolution 2).

The post Consolidation shares proposed to be issued to Medivet Shareholders pursuant to Resolution 2 are to be escrowed as to 100% thereof for twelve months and as to 50% thereof for twenty four months and classed as voluntarily restricted securities for those periods under ASX Listing Rule 9.

Acceptance at a General Meeting by all Medivet Shareholders of the terms of the share and cash consideration is a condition precedent to the sale and purchase proceeding as set out in the agreements.

## 10. The application of funds raised by placement of shares (Resolution 3)

- (a) Pursuant to Resolution 3 the Company proposes to raise a further \$12,000,000 by placements of post-Consolidation shares in MLA to professional and international investors as defined in the Corporations Act other than related parties for the following purposes:

|       |   |                     |
|-------|---|---------------------|
| (i)   | Cash consideration to Medivet (see above)   | \$5,000,000         |
| (ii)  | Costs of acquisition, development and commissioning of a manufacturing, logistics and distribution centre for the merged entity | \$3,000,000         |
| (iii) | Cost of due diligence and consultants arising from the capital raising  | \$300,000           |
| (iv)  | Commission payable to stockbroker on successful completion of capital raising   | \$960,000           |
| (v)   | Working capital for the merged MLA/Medivet entity   | \$2,740,000         |
|       | <b>TOTAL</b>  | <b>\$12,000,000</b> |

- (b) For the holders of ordinary securities to approve an issue of shares and agreement to issue shares under listing rule 7.1 the Notice of Meeting must include each of the following:

- (i) The maximum number of securities the entity is to issue.

- (ii) The date by which the entity will issue the securities. The date must be no later than three months after the date of the meeting.
- (iii) The issue price of the securities, which must be a fixed price.
- (iv) The names of the allottees (if known) or the basis upon which allottees will be identified or selected.
- (v) The terms of the securities.
- (vi) The intended use of the funds raised
- (vii) The dates of allotment or a statement that allotment will occur progressively.
- (viii) A voting exclusion statement

**These matters are as set out in the Notice of General Meeting (Resolution 3)**

**11. Consequences of Share Issue (Resolution 2)**

The issue of 16,666,667 shares deemed paid at \$0.30 per share (Resolution 2) is intended to be applied to part of the consideration for the acquisition of Medivet Pty Ltd, business and assets (see paragraph 9 above).

The shares proposed to be issued and allotted pursuant to Resolution 2 will all be post-Consolidation shares.

**12. Broker to the Issue**

Although the issue of the shares referred to in Resolution 3 is not underwritten MLA has engaged Corporate Capital Group, Inc. of New York to introduce investors wishing to subscribe for the shares referred to in Resolution 3. Corporate Capital Group has a high level of experience and strong heritage in raising capital through its established networks. The Directors believe that Corporate Capital Group will be successful in placing the minimum number of shares required for the purchase of the Medivet business and business assets to be completed (25,000,000 post consolidation shares). The broker to the issue will be paid 6% commission on all capital introduced by it by way of subscription for shares in MLA pursuant to Resolution 3. Other brokerage fees or commissions up to a maximum of 2% of the funds raised may be payable depending upon the source and location of the relevant investors.

**13. Independent Directors Recommendations**

Under the regulatory regime which applies to transactions of the nature of the issue and allotment of shares proposed by resolution 2 it is most desirable that an expert's opinion on the merits of the share issue be made available to shareholders. The Directors have, accordingly, commissioned Andrew Hoffmann of Nexia Court & Co, Chartered Accountants to provide a report to MLA shareholders on the proposed share issue to Medivet. (The Nexia Court Report) This report is annexed to this Explanatory Memorandum. Andrew Hoffmann of Nexia Court & Co consents to the inclusion of the report in this explanatory memorandum.

The Directors draw shareholders' attention to the conclusions of the Nexia Court Report as set out therein.

All Directors of MLA recommend that shareholders vote in favour of the share issues proposed by Resolutions 2 and 3 and intend to vote all the Company's shares controlled by them in favour of each Resolution.

The Directors are all of the view that the information provided during their due diligence enquiries into the purchase of Medivet and its business and assets justify the proposed future planned expenditure in relation thereto and no Director of MLA has or will acquire any interest in Medivet as a result of the proposed acquisition other than as an existing shareholder in MLA.

The deemed issue price proposed for the shares to be issued and allotted pursuant to Resolution 2 and to be placed pursuant to Resolution 3 is believed by Directors to be reasonable considering current market conditions, the otherwise likely costs of further capital raising and to ensure a degree of certainty for the conduct of the continuing development and growth of the MLA Business.

#### **14. Pro Forma Financial position and capital structure post issue**

##### **(a) Financial Performance**

The Directors do not consider it appropriate to make any forecast as to the effect of the proposed share issue and placements on the future performance of the Company because of the scale of uncertainties as to the impact that the use of funds arising from the proposed issue may have on future financial performance and variations to international and local trading conditions in relation to product availability, market requirements, future developments in technology, regulatory framework and exchange rates.

##### **(b) Capital Structure**

After issue of the shares pursuant to Resolutions 2 and 3 and the consolidation of shares pursuant to Resolution 1 the capital structure of the Company will be as follows:

##### **Ordinary Shares**

|   |                    |
|---|--------------------|
| Existing Shares (post consolidation)          | 45,392,583         |
| Shares issued to Medivet (post consolidation) | 16,666,667         |
| Placement of Shares (post consolidation)      | <u>40,000,000</u>  |
| <b>TOTAL</b>                                  | <b>102,059,250</b> |

##### **(c) The largest five shareholders after consolidation and issue of shares to Medivet will be:**

| <b><u>Shareholder</u></b>           | <b><u>Shares</u></b> | <b><u>Percentage of Capital</u></b> |
|-------------------------------------|----------------------|-------------------------------------|
| <b>Y.Z.J Trading Co Pty Ltd</b>     | <b>11,673,017</b>    | <b>11.43%</b>                       |
| <b>Andrew Fay &amp; Narelle Fay</b> | <b>8,788,404</b>     | <b>8.61%</b>                        |

|   |                  |              |
|---|------------------|--------------|
| <b>Mark Donnison &amp; Suzanne Donnison</b> | <b>1,953,945</b> | <b>1.91%</b> |
| <b>Gary Lewis &amp; Aviva Schumer</b>       | <b>1,897,124</b> | <b>1.86%</b> |
| <b>Victor Hoog Antink</b>                   | <b>1,887,500</b> | <b>1.85%</b> |

(the above share numbers and percentages assume no other relevant share issues or transfers take place) and do not take into account the placement of any shares pursuant to Resolution 3.

(d) Changes to Board of Directors

It is intended that the following additional Director will be appointed following completion of the acquisition of Medivet business and assets:

**Jeremy Delk – CEO – Medivet America LLC and Executive Director**

Jeremy Delk is responsible for the strategic vision of Medivet and has overseen the operations of the Company since its formation in 2010.

Mr Delk has been a successful entrepreneur since early 2000's with a keen eye for innovative new products, technologies and unexploited market niches Mr Delk's family has owned race horses for more than four decades. He learned of Medivet Pty Ltd in 2008 and formed a partnership with the then principals of Medivet for the manufacture and sale of veterinary and natural therapeutic products in North America.

In addition an advisory Board for the new entity will be established to assist the Board of MLA in relation to Veterinary technical matters. It will comprise:

**Dr Noel Berger**

Noel Berger is a seasoned veterinary practitioner having over 24 years of professional experience, and has continually acquired many clinical skills. Dr. Berger has published a comprehensive textbook of laser surgery and first authored several peer-reviewed journal articles.

**Dr Dan Evers**

Dr. Dan Evers graduated from Tuskegee University in 1978 and has been in practice for 34 years. He owned his own practice for 27 years. Dr. Evers now practices with Val-U-Vet Animal Health, a six hospital group.

**Dr Brian Voynick**

Dr Brian Voynick is the owner and director of the American Animal Hospital. His fields of interest are in diagnostics medicine, endoscopy and alternative medicine.

**Dr Thomas Newland**

Dr Thomas Newland graduated from MacMurray College in Indiana where he received his Bachelor of Science degree in Biology. He attended Purdue School of Veterinary Medicine, graduating with his Doctor of Veterinary Medicine Degree in 1986. He spent 3 years working at a companion animal practice in Indiana before

moving to Arizona to work at Mesa Veterinary Hospital.

**Dr Larry Snyder**

Dr Larry Snyder attended Kansas State University and graduated from the College of Veterinary Medicine in 1976. Dr Snyder practiced in Wetmore, KS for 15 years and started University Bird and Small Animal Clinic, PA in Topeka, KS in 1984 and is still in active practice at that clinic.

(e) Conflict of interest of directors

In the event that a conflict of interest arises, all Directors of MLA will be required to observe their respective legal and fiduciary obligations. The types of obligations that directors have are imposed by statute (eg. The Corporations Act) and the general law. Under the Corporations Act, a director of a public company must not be present at a directors' meeting while a matter in which the director has a material personal interest is being considered and must not vote on the matter. Under the Corporations Act directors must exercise their powers and discharge their duties in good faith in the best interests of the relevant corporation and for a proper purpose. Under the Corporations Act directors must not improperly use their position to gain an advantage for themselves or someone else or to cause detriment to the corporation. Under the general law directors are under a duty to act bona fide in the best interests of the company. Under the general law directors, like other fiduciaries, are required not to put themselves in a position where there is a conflict (actual or potential) between their personal interests and their duties to the company.

(f) Risk Factors

There are a number of risks, both company specific to MLA and general investment risks, which may materially and adversely affect the future operating and financial performance and financial condition of MLA and the value of the Company. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many of them are outside the control of the Company and its Directors. There can be no guarantee MLA will achieve any objectives that are intended to arise from the issue of shares or that any projections or forecasts will eventuate.

**15. ASX Listing Rules Requirements – Rule 7**

Under Rule 7.1 of the ASX Listing Rules there is a limitation on the capacity of a company to enlarge its capital by the issue of equity securities in any 12 month period. The limitation is 15% per annum without shareholder approval.

The issue of the shares the subject of Resolutions 2 and 3 would exceed that limit.

Accordingly one of the purposes of Resolutions 2 and 3 is to meet the requirements of Rule 7.1 of the ASX Listing Rules that an issue of securities can exceed the 15% threshold referred to above if the issue receives the prior approval of the holders of ordinary securities in the Company by ordinary resolution.

Therefore, approval is sought for the issue of the share component of the consideration to Medivet (Resolution 2) and the placement of MLA shares to professional and international investors (Resolution 3) for the purposes of Rule 7.1 of the ASX Listing Rules.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- The maximum number of securities to be issued pursuant to Resolution 2 is 16,666,667 shares
- The maximum number of securities to be issued pursuant to Resolution 3 is 40,000,000 shares
- The shares will be issued and allotted no later than three months after approval by the meeting
- The issue price of the shares to be issued has been determined at \$0.30 per share for the shares to be issued pursuant to both Resolutions 2 and 3.
- No cash is being paid for the shares to be issued pursuant to Resolution 2.
- The allottees of the shares issued pursuant to Resolution 2 are as set out in the schedule to the Notice of Meeting
- The allottees of the shares proposed to be issued pursuant to Resolution 3 are not known at this time but will be such professional and international investors as defined in the Corporations Act as the Directors determine other than related parties
- The shares that will be issued pursuant to Resolutions 2 and 3 will be issued on the same terms and conditions as existing shares and will from the date of issue rank equally in all respects with all of existing shares of the Company including the right to participate in any dividends paid or declared after the date of issue

## **16. CORPORATIONS ACT – CHAPTER 2E**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party.

Pursuant to subsection 228(2)(b) of the Corporations Act any director of the Company is also a related party of the Company.

Pursuant to Section 228(6) of the Corporations Act any person or entity whom the Company believes will become a related party in the future is a related party.

Whilst no present Director of MLA is a related party, Jeremy Delk (by reason of his association with Delk Enterprises Inc) is deemed to be a related party because of the Company's proposal to appoint him as a Director of MLA after the proposed Medivet business and asset acquisition is completed as he is presently associated with a shareholder of Medivet.

The definition of what constitutes giving a financial benefit is broad and does not necessarily involve paying money. It includes buying or selling assets and issuing securities. It includes giving financial benefits indirectly, for example, through one or more interposed entities.

Section 229(1)(c) of the Corporations Act provides that in determining whether a financial benefit is given to a related party any consideration that is or may be given for that benefit is to be disregarded, even if it is adequate.

Section 208 of the Corporations Act provides an exemption from the prohibition contained in Chapter 2E and provides that a public company may give a financial benefit to a related party if a resolution of the shareholders of the public company permits the benefit to be given, and the resolution was passed at a general meeting of the public company held within 15 months before the public company gives the benefit and if the conditions prescribed by Division 3 of Part 2E.1 of the Corporations Act have been satisfied in relation to the resolution.

The resolution is intended to satisfy these requirements in relation to the “related party” aspects of the issue of the shares. For these purposes as required by Section 211 of the Corporations Act the Company discloses that:

- (a) **The related parties to whom the proposed resolution would permit financial benefits to be given:**  
Jeremy Delk
- (b) **The nature of the financial benefits:**  
The issue and allotment of shares in MLA to Delk Enterprises Inc and the payment of cash to it (as shown in the schedule to the Notice of Meeting) as consideration for the sale of its shareholding in Medivet to MLA..
- (c) **In relation to each Director of the Company:**
  - (i) If the Director wanted to make a recommendation to members about the proposed resolution – the recommendation and his reasons for it; or
  - (ii) If not – why not? Not applicable.
- (d) **In relation to each Director whether the Director had an interest in the outcome of the proposed resolution:**  
An interest as an associate of a shareholder in Medivet and proposed Director of MLA.
- (e) All other information that is reasonably required by members in order to decide whether or not it is in the Company’s interest to pass the proposed Resolution and is known to the Company or any of its Directors. Other than as set out elsewhere in this Explanatory Memorandum and its annexures there is no such further information considered by the Directors to be relevant

## **17. ASX Listing Rules Requirements – Rule 10**

ASX Listing Rule 10 provides that a Company may not acquire a substantial asset from a related party without the approval of its shareholders. Jeremy Delk is a related party by virtue of him being associated with a shareholder of Medivet. Such acquisition (the acquisition of Medivet Pty Ltd and its business and business assets) is a substantial asset as the value thereof exceeds 5% of the total equity interests of the Company. The Company is therefore seeking the approval of shareholders to this acquisition under Listing Rule 10.1 to the extent that it is (in part) an acquisition from a related party.

**Dated: 12 June 2013**

**Ian B. Mitchell**  
**Director/Secretary**