

006

NOTICE OF ANNUAL GENERAL MEETING

Date Thursday, 16 November 2006
Time 10:00am
Venue Level 7, Baker Heart Research Institute Building
75 Commercial Road
Melbourne Victoria 3004



cytopia
developing better drugs

NOTICE OF ANNUAL GENERAL MEETING

The ninth annual general meeting of shareholders of Cytopia Limited, ACN 079 253 606 ("Cytopia" or "the Company") will be held at 10:00am on Thursday, 16 November 2006 at Level 7, Baker Heart Research Institute Building, 75 Commercial Road, Melbourne.

AGENDA

Ordinary Business

Financial Report and directors' and audit reports

1. To receive and consider the financial report, including the directors' declaration, for the year ended 30 June 2006 and the related directors' report and audit report.

Appointment of directors

2. To consider, and if thought fit, to pass the following resolution: "That Mr Robert Watson, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the company."
3. To consider, and if thought fit, to pass the following resolution: "That Dr Kevin Healey, who retires by rotation in accordance with the Company's Constitution, be elected as a director of the company."

Adoption of remuneration report

4. To receive, consider and if thought fit, to adopt the remuneration report of the directors.

Increase in non-executive directors' fees

5. To consider and, if thought fit, to pass the following resolution:

"That in accordance with Article 11.2 of the Company's constitution shareholders approve the increase in the maximum aggregate amount of annual remuneration of the non-executive directors by \$125,000, from \$250,000 to \$375,000, effective from the date of meeting."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by any director and any person associated with them. However, the Company will 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.

Special Business

Important information on the proposal to which the following resolution relate, is contained in the explanatory memorandum which accompanies and forms part of this notice of annual general meeting.

Issue of Options to Mr Andrew Macdonald

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

"That approval is given for the purposes of Chapter 2E of the Corporations Act and Rule 10.14 of the Listing Rules of the Australian Stock Exchange for the Company to issue

250,000 options over unissued ordinary shares to Mr Andrew Macdonald, for no issue price, under the Cytopia Ltd Employee Option Plan, as set out in the Explanatory Memorandum to this notice of annual general meeting"

Short Explanation: In light of Mr Macdonald's performance and leadership since his appointment as managing director, the Board has decided to issue him (subject to shareholder approval) with 250,000 options as both a reward and incentive. The exercise price was set on 1 September 2006 at 40% above the then current share price to provide both additional motivation and further alignment of his interests with those of shareholders in the future growth and prosperity of the Company.

Mr Macdonald is a related party of the Company. For this reason approval under Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited and section 208 of the Corporations Act 2001 is required. Please refer to the Explanatory Memorandum for further details.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 6 by Mr Andrew Macdonald or Mr Robert Watson and any person associated with either of them. However, the Company will 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.

PROXIES

If you are unable to attend and vote at the meeting, you may appoint a person as your proxy to attend in your place by completing the enclosed Proxy Form.

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the member's voting rights. A proxy need not be a member of the Company. The enclosed Proxy Form provides further details on appointing proxies.

The completed Proxy Form may be:

- delivered to Link Market Services, Locked Bag A14, Sydney South, NSW 1235; or
- faxed to Link Market Services on (02) 9287 0309.

The Proxy Form must be received by the Company's share registry, Link Market Services, by 10:00am, Tuesday 14 November 2006.

VOTING ENTITLEMENT

The directors have determined in accordance with the Corporations Regulations that, for the purposes of determining voting entitlements at the annual general meeting, shares will be taken to be held by the registered holders at 7.00 pm EST, Tuesday 14 November 2006.

By order of the Board.



ANDREW MACDONALD
CEO & Company Secretary
Cytopia Limited
6 October 2006

6 October 2006

Dear Shareholders

On behalf of the board of directors, I have pleasure in inviting you to attend Cytopia Limited's ninth annual general meeting to be held at 10:00am EST on Thursday 16 November 2006 at Level 7, Baker Heart Research Institute Building, 75 Commercial Road, Melbourne. A formal notice of meeting is enclosed.

At the meeting, a review of the company's operations and future outlook will precede the formal business to be considered at the meeting. Please refer to the agenda for a listing of the items of business and explanatory notes.

In the event that you are unable to attend the meeting, we would encourage you to lodge the proxy form that is included by either mail or facsimile no later than 10:00am Tuesday 14 November 2006. The CEO and company secretary, Mr. Andrew Macdonald, can also be contacted on (03) 9522 6920 should you have any questions.

The directors look forward to welcoming you at the annual general meeting.

Yours sincerely



ROBERT WATSON
Chairman

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Cytopia Limited in respect of items 1 to 6 to be considered at the Annual General Meeting to be held on 16 November 2006 at Level 7, Baker Heart Research Institute, 75 Commercial Rd, Melbourne at 10:00am.

This Explanatory Memorandum forms part of the Notice of Annual General Meeting.

ITEM 1: FINANCIAL STATEMENTS AND REPORTS

The Corporations Act 2001 requires that the report of the directors, the report of the auditor and the financial reports be presented to the annual general meeting. In addition the Company's constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act 2001 nor the Company's constitution requires a vote of shareholders at the annual general meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

ITEMS 2 AND 3: ELECTION OF DIRECTORS

Excluding the managing director, there are currently six (6) directors on the board of directors. Pursuant to the Company's constitution, not less than one third (1/3) are required to retire at this meeting.

Mr Robert Watson was appointed to the board on 16 June 2003 and has been executive chair of Cytopia since 23 November 2004. Mr Watson has over twenty (20) years experience at CEO and board level of large, profitable technology businesses. He has been the CEO of several corporations including Mayne Nickless Computer Services, Data Sciences International (U.K.) and Lend Lease Employer Systems. In addition, he has founded and developed several very successful businesses in the Information Technology industry, including ICON that was twice recognised as one of the two fastest growing private companies in Australia. Mr Watson has significant experience in M&A and capital raising. He is a director of SEEK Limited and Virgin Blue Holdings Ltd, as well as several private companies.

Mr Watson, being eligible, offers himself for re-election.

Dr Kevin Healey was an executive director of Cytopia from 11 August 1997 to 9 June 2006 and non-executive director since 9 June 2006. Dr Healey is Cytopia's founder. He has been a principal consultant with Invetech Operations Pty Ltd, and the business development manager for

Australian Biomedical Corporation Limited (ABCL), both subsidiaries of Vision Systems Limited. He was also a research division head at CSL Limited in the area of immunochemistry and protein chemistry. Dr Healey is a director of Cytopia Research Pty Ltd, Cytopia Inc and Alchemia Ltd, and was recently appointed to the boards of Bio-link Partners Ltd, and Bio-link Associates Ltd.

Dr Healey, being eligible, offers himself for election.

ITEM 4: ADOPTION OF REMUNERATION REPORT

The Corporations Act 2001 requires that the section of the directors' report dealing with the remuneration of directors and key management personnel ('Remuneration Report') be put to Shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report on pages 32-42.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

ITEM 5: INCREASE IN NON-EXECUTIVE DIRECTORS' FEES

ASX Listing Rule 10.17 specifies that the maximum aggregate amount of director's fees that can be paid for all non-executive directors must be approved by ordinary shareholders. The maximum aggregate amount of directors' fees that can be payable currently to the non-executive directors is \$250,000 per annum. This limit was approved by shareholders at the Company's annual general meeting held on 3 November 2000. Pursuant to Article 11.2, shareholders of the Company are being asked to approve an increase to the maximum aggregate amount of directors' fees that can be payable to the non-executive directors from \$250,000 per annum to \$375,000 per annum.

Since listing in 1998 there has only been one increase in the aggregate amount that can be payable to non-executive directors which occurred 6 years ago when shareholders approved an increase at the annual general meeting held in November 2000. Current non-executive directors' fees were set by the board at \$37,500 per annum inclusive of superannuation for each director effective 1 January 2006. The proposed increase to the aggregate that can be payable makes allowance for the need to ensure the Company continues to attract the most appropriate directors and provides flexibility in appointing additional non-executive directors in the future. It is not proposed to utilise the full amount of the increase immediately.

The Board make no recommendation to shareholders about Resolution 5 given the personal interest of the non-executive directors.

ITEM 6: ISSUE OF OPTIONS TO MR ANDREW MACDONALD

1. Overview

Mr Andrew Macdonald was appointed chief financial officer and company secretary of Cytopia on 1 August 2005. On 9 June 2006 the Board appointed Mr Macdonald CEO and managing director.

Shareholder approval is being sought in Resolution 6 to grant 250,000 options to Mr Macdonald under the terms and conditions of the CLEOP option plan, previously approved by shareholders on 28 June 2004.

In order to retain an executive of Mr Macdonald's calibre, and in recognition of his loyalty, commitment and performance, the Board considers that the issue of the options to Mr Macdonald is a cost effective and efficient means to remunerate and further incentivise him in his role as managing director of Cytopia.

2. Details of Options to be granted

The options will (with shareholder approval) be issued to Mr Macdonald under CLEOP on the terms detailed below.

Options are granted under the plan for no consideration and, once capable of exercise, each option entitles the holder to subscribe for one fully-paid ordinary share upon exercise at the exercise price.

The option holder's entitlements to options are vested (i.e. they are not conditional on continued employment) as soon as the options become exercisable. CLEOP options that have not vested at the time an option holder becomes ineligible (i.e. is no longer an employee), are forfeited and are not capable of exercise.

If approved, the options will have an exercise price of \$1.00 and be issued to Mr Macdonald on 16 November 2006.

The proposed options to Mr Macdonald will become capable of exercise as follows:

- (i) 20,848 options may be exercised on or after 16 November 2006; and
- (ii) 6,944 further options may be exercised on and after the last day of each period of one consecutive month commencing after that date for a period of 33 months.

All of the options will expire on the Option Expiry Date (if they have not been exercised or expired earlier in accordance with the terms of the CLEOP).

Where Mr Macdonald ceases to be an employee, the exercise of Unexercised Options in the following circumstances will be subject to the following conditions in accordance with the terms of CLEOP:

- (i) where the option holder ceases to be an employee for any reason other than in (ii) or (iii) below, the right to exercise unexercised options will terminate immediately upon ceasing to be an employee;
- (ii) where the option holder dies, Unexercised Options shall be transferred automatically to

the estate of the deceased option holder, and shall continue as provided for by the rules of the plan notwithstanding the fact that the option holder is no longer an employee; and

- (iii) where the option holder ceases to be employed by reason of ill health or accident or retirement beyond the age of 55, Unexercised Options shall continue as provided for by the rules of the plan notwithstanding the fact that the option holder is no longer an employee.

3. Shareholder approval to issue securities to a related party

Shareholder approval is required pursuant to ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act.

3.1 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that Cytopia must not issue securities to a related party of Cytopia, without the approval of ordinary shareholders. Mr Andrew Macdonald is a director of Cytopia and therefore is a related party of Cytopia.

The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) the options will be issued to Mr Andrew Macdonald, who is the managing director of the Company;
- (b) the maximum number of options to be issued is 250,000;
- (c) the options will be issued to Mr Macdonald on 16 November 2006;
- (d) the options will be issued to Mr Macdonald for nil consideration as part of his remuneration package as managing director of the Company;
- (e) Mr Andrew Macdonald and Mr Robert Watson are the only two persons referred to under Listing Rule 10.14 entitled to participate in the CLEOP. Since CLEOP was approved by shareholders no options have been issued to persons referred to in Listing Rule 10.14. Mr Macdonald was issued with 750,000 options prior to his appointment as managing director;
- (f) details of any options issued under CLEOP are published in each annual report of the Company relating to the period in which the options have been issued; and
- (g) no other director or related party of Cytopia will participate in CLEOP until prior approval is obtained by shareholders.

Approval of members is being sought pursuant to Listing Rule 10.14. Accordingly, under Listing Rule 10.12 Exception 4, approval under Listing Rule 10.11 is not required.

3.2 Chapter 2E of the Corporations Act

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

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the prohibition; or

- (ii) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months of obtaining the approval.

The Company is requesting its shareholders to approve the issue of the options to Mr Macdonald because:

- (i) For the purposes of Chapter 2E, Mr Macdonald is a related party of the Company as he is the managing director.
- (ii) The grant of up to 250,000 options to Mr Macdonald is a financial benefit for the purposes of Chapter 2E of the Corporations Act.
- (iii) While the Board is of the view that the exception set out in section 211(1) of the Corporations Act (for reasonable remuneration) would apply, the Board believes that, in light of the nature of the financial benefit to be given, obtaining shareholder approval under Chapter 2E would be appropriate under the circumstances.

For the purposes of Chapter 2E of the Corporations Act the following information is provided to shareholders:

(a) The related party to whom resolution 6 would permit the financial benefit to be given

Mr Andrew Macdonald, managing director of Cytopia, is the related party to whom the financial benefit will be given.

(b) The nature of the financial benefit

The nature of the financial benefit proposed to be given is the grant of a total of 250,000 options to Mr Macdonald for no consideration, on the terms and conditions outlined in this Explanatory Memorandum.

The options will have an exercise price of \$1.00.

The options will become capable of exercise as follows:

- (i) 20,848 options may be exercised on or after 16 November 2006; and
- (ii) 6,944 further options may be exercised on and after the last day of each period of one consecutive month commencing after that date for a period of 33 months.

It is a requirement of ASIC that a dollar value be placed on the options to be issued.

The proposed options to be issued are American call options (i.e. capable of exercise at any time once the options have vested up to the expiry date). Accordingly, the indicative value per option at the grant date has been determined using the 'Binomial American Style Options' pricing model. ASIC has indicated the "Binomial American Style Options" price calculation method is an acceptable method for valuing options.

In determining this value, the following assumptions have been made:

- the Share price at the issue date is assumed to be the closing price of the Company shares on 6 September 2006 which was \$0.70 per share;
- the options are to be exercisable at A\$1.00 per option;

- the options are expected to mature within 5 years of their date of issue, being at the latest 16 November 2011;
- price volatility of the Shares is approximately 43% based on price movements in the past 36 months; and
- the average current risk-free interest rate is 6%.

On this basis, the options are valued at approximately \$0.248 per option. Therefore, the implied "value" of the options being granted to Mr Macdonald is \$62,000.

Any change in the above assumptions applied in the pricing model between the date of the valuation and the date the options are granted would have an impact on their value.

(c) Recommendations of Directors

Cytopia is a growth company of limited cash resources that needs to attract the highest quality talent in a competitive and international market. The issue of equity based remuneration is an important aspect of this.

Mr Robert Watson, Mr John Hasker, Dr Kevin Healey, Mr Roderick Lyle, Mr Mark Rowsthorn, and Dr Geoffrey Vaughan do not have an interest in the outcome of Resolution 6 other than as shareholders in Cytopia. As Mr Andrew Macdonald has an interest in the outcome of Resolution 6 he does not make any recommendation to shareholders concerning it.

Mr Robert Watson, Mr John Hasker, Dr Kevin Healey, Mr Roderick Lyle, Mr Mark Rowsthorn, and Dr Geoffrey Vaughan are of the view that the issue of options to Mr Macdonald:

- is in the best interests of Cytopia
- is reasonable in the circumstances.

Mr Robert Watson, Mr John Hasker, Dr Kevin Healey, Mr Roderick Lyle, Mr Mark Rowsthorn, and Dr Geoffrey Vaughan consider that if the Options are issued pursuant to Resolution 6, the following benefits arise:

- the options are a performance based incentive as increases in the market price of Shares increases the value of the Options. Options are therefore effective instruments to further align the interests of Mr Macdonald and shareholders and thus benefit shareholders
- the issue of options is a non-cash form of remuneration thus conserving funds
- if the options are exercised they would provide further working capital for Cytopia at no significant fund raising cost.

Accordingly, the Directors (other than Mr Macdonald) recommend that shareholders approve the issue of options to Mr Macdonald under Resolution 6.

(d) Any other information that is reasonably required by members to make a decision whether it is in the best interest of the Company to pass Resolution 6 and that is known to the Company or any of its Directors:

- (i) Resolution 6 would have the effect of giving power to the Board to grant a total of 250,000 options to Mr Macdonald. At the date of this

notice, the Company has on issue 73,611,430 Shares and 27,850,059 options exercisable into Shares over various exercise periods and at various exercise prices.

- (ii) Assuming all existing options remain unexercised, if all of the 250,000 options issued as proposed above are exercised, the effect would be to dilute the shareholding of existing shareholders by approximately 0.34%.
- (iii) The market price of the Shares during the period of the options will normally determine whether or not option holders exercise the options. At the time any options are exercised and Shares are issued pursuant to the exercise of the options, the Shares may be trading at a price which is higher than the exercise price of the options.
- (iv) Over the last 12 months prior to 18 September 2006, the Shares have traded from a low of \$0.61 on 20 September 2005 to a high of \$1.08 on 5 May 2006. The latest available trading price of the Shares prior to the date of this Explanatory Memorandum was \$0.69 on 18 September 2006.
- (v) As at the date of this notice, Mr Macdonald has the following direct and indirect interest in Cytopia:

	Shares	Options
Direct	126,302	750,000
Indirect	165,000	0

- (vi) Mr Macdonald is currently managing director, chief financial officer and company secretary of Cytopia and as such receives executive remuneration from the Company. Effective 1 September 2006 his remuneration includes a base salary of \$272,500 (including superannuation), a maximum bonus potential of \$75,000 per annum, and options valued at \$5,820 per month (previously issued under CLEOP and vesting progressively each month up to 31 August 2008).
- (vii) The Board does not consider that from an economic and commercial point of view, there are any substantial costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the options pursuant to Resolution 6.

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation is recognised as an expense.
- (viii) Neither the Board nor the Company is aware of any other information that would reasonably be required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 6 other than as set out in this Explanatory Memorandum.

GLOSSARY

"ASIC" means Australian Securities and Investments Commission

"ASX" means Australian Stock Exchange Limited ACN 008 624 691 or the Australian Stock Exchange

"Board" means the board of Directors of Cytopia.

"Business Day" means a "business day" under the Listing Rules.

"CLEOP" means Cytopia Ltd Employee Option Plan as approved by shareholders at an extraordinary general meeting held on 28 June 2004.

"Options" means options proposed to be issued to Mr Macdonald under CLEOP.

"Corporations Act" means the Corporations Act 2001 (Cth) as amended from time to time.

"Cytopia" or **"the Company"** means Cytopia Limited ACN 079 253 606 (formerly Medica Holdings Limited).

"Dollar" or **"\$"** means Australian dollars.

"Option Exercise Price" means \$1.00 per Share.

"Option Expiry Date" in relation to any Options means 5.00pm Melbourne time on 16 November 2011 being the last date on which the remaining exercisable number of those Options may be exercised.

"Listing Rules" or **"ASX Listing Rules"** means the listing rules of the ASX.

"Share" means a fully paid ordinary share in Cytopia.

"Unexercised Options" means Options granted under CLEOP which have not been exercised, including, but not limited to, options which have not lapsed (that is, not been terminated pursuant to the relevant provisions of CLEOP, nor expired by the passing of time, nor been exercised for any reason whatsoever, nor ceased permanently to have rights of conversion to Shares).

CYTOPIA LIMITED ACN 079 253 606

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APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

I/We being a member(s) of Cytopia Limited and entitled to attend and vote hereby appoint

A the **Chairman of the Meeting** (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am on Thursday, 16 November 2006 and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on any resolution please insert in the appropriate box below.

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 To receive and consider the financial report			"No resolution required"	Resolution 4 Adoption of remuneration report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Mr Robert Watson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Increase in Non-executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Director – Dr Kevin Healey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of Options to Mr Andrew Macdonald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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.

C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual) <input type="text"/>	Joint Securityholder 2 (Individual) <input type="text"/>	Joint Securityholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwth).

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).



How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. 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 you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. 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 in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the 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 the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry 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 the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

5 Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the 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: 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation 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's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am on Tuesday, 14 November 2006, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Cytopia Limited share registry as follows:
Cytopia Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.