

PHARMAUST LIMITED
ABN 35 094 006 023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Shareholders ("Meeting") of PharmAust Limited ("PharmAust" or "the Company") will be held at The Holiday Inn City Centre, 778-788 Hay St, Perth, Western Australia on **Friday 29 December 2006 at 9.30am** (Western Summer Time) for the purpose of transacting the following business.

The Explanatory Statement and the Proxy Form form part of this Notice of Meeting ("Notice").

In accordance with Regulation 7.11.37 of the Corporations Act, the Directors of the Company have set 27 December 2006 at 5.00pm (Western Summer Time) as the date and time to determine the identity of those entitled to attend and vote at the Meeting.

AGENDA

Resolution 1 – Ratification of Placement of Shares to Underwriter of Share Purchase Plan.

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

"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, the ordinary shareholders of the Company ratify the placement of 6,710,000 Shares to Chimaera Capital Limited"

Voting Exclusion

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue (Chimaera Capital Limited) and any associate of such a 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.

Voting in Person: To vote in person you, or in the case of a Corporation, an authorised representative, need to attend the meeting on the date and at the place set out above.

Voting by Proxy: To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Extraordinary General Meeting as soon as possible and either:

- return the proxy form (by post or delivery) to the Company's office at Level 2, 45 Stirling Highway, Nedlands, Western Australia, or
 - send the proxy by facsimile to facsimile number (08) 9284 8899
- so that it is received not later than 9.30 am (Western Summer Time) on 27 December 2006.

BY ORDER OF THE BOARD



Mr Winton Willesee
Company Secretary
Dated: 29 November 2006

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EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the resolution contained in the Notice.

The Directors of the Company recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the resolution. If you do not understand it please consult your professional advisers.

RESOLUTION 1 – RATIFICATION OF ISSUE TO UNDERWRITER OF SHARE PURCHASE PLAN.

As detailed in a release to ASX on 5 October 2006 the Company undertook a Share Purchase Plan. The Shares (“Fully Paid Ordinary Shares”) issued under the Share Purchase Plan were issued and allotted on 9 November 2006 and totalled 5,790,000 Shares. The issue was undersubscribed by 6,710,000 Shares (“Shortfall Shares”). The Shortfall Shares have been issued to Chimaera Capital Limited in its capacity as Underwriter of the Share Purchase plan.

By ratifying the issue of the Shortfall Shares the Company’s capacity to place securities in accordance with Listing Rule 7.1 of the Listing Rules of ASX is ‘refreshed’ and the Company will have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders when seeking an approval for the purposes of ASX Listing Rule 7.4:

- (a) The number of Shares issued is 6,710,000 at an issue price of 10c per share;
- (b) The Shares issued are Ordinary Fully Paid Shares and rank *pari passu* to the existing Ordinary Fully Paid Shares on issue;
- (c) The Shares were issued and allotted on 29 November 2006;
- (d) The Shares were issued to Chimaera Capital Limited in its capacity as Underwriter to the Company’s recently completed Share Purchase Plan;
- (e) The funds raised from the issue will be applied to working capital of the Company.

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PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We (name and address)

.....

being a Member of PharmAust Limited entitled to attend and vote at the Meeting, hereby appoint:

(Name of Proxy).....

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting to be held at The Holiday Inn, City Centre, 778-788 Hay St, Perth, Western Australia on 29 December 2006 at 9.30am (Western Summer Time) and at any adjournment thereof.

If no directions are given on how to vote, the Chairman will vote in favour of all of the Resolutions.

Voting on Business of the Extraordinary General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Placement of Shares to Underwriter of Share Purchase Plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the Resolutions if no directions are given.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Please return this Proxy Form to the Company Secretary, PharmAust Limited, Level 2, 45 Stirling Highway, Nedlands, Western Australia or fax to (08) 9284 8899 by 9.30am (Western Summer Time) on 27 December 2006.

Signed this day of 2006

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature
Signature
Signature

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

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Instructions for Completing Proxy Form

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, each proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy will exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.