
PHARMAUST LIMITED

ACN 094 006 023

NOTICE OF GENERAL MEETING

TIME: 2:00pm (WST)

DATE: Friday 30th April 2010

PLACE: Level 31 Allendale Square
77 St Georges Terrace
Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 6550.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:00pm (WST) on Friday 30th April 2010 at:

Level 31 Allendale Square
77 St Georges Terrace Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to PharmAust Limited, PO Box 9028, Nicholson Road, Subiaco WA 6008; or
- (b) facsimile to the Company on facsimile number (+61 8) 9381 4056,

so that it is received not later than 2:00pm (WST) on 28 April 2010.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 2:00pm (WST) on Friday 30th April 2010 at Level 31 Allendale Square, 77 St Georges Terrace Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on 28th April 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

1. RESOLUTION 1 – APPROVAL TO PURSUE INVESTMENT IN AN OIL AND GAS PROSPECT

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

“That, subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature of its activities by acquiring an interest in an oil and gas prospect as described in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the Resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

2. RESOLUTION 2 – APPROVAL TO ISSUE OPTIONS

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

“That, subject to the passing of Resolution 1, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 119,103,937 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

DATED: 31 MARCH 2010

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'S. Wright', with a small dot above the 'i'.

SAM WRIGHT
DIRECTOR & COMPANY SECRETARY
PHARMAUST LIMITED

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held 2:00pm (WST) on Friday 30th April 2010 at Level 31 Allendale Square, 77 St Georges Terrace Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – APPROVAL TO PURSUE INVESTMENT IN AN OIL AND GAS PROSPECT

1.1 Background

PharmAust Limited (the **Company**) is an Australian public company listed on the official list of ASX (ASX code: PAA).

The Company presently operates as a biotechnology and drug discovery and development company. The Company's core assets are located in its wholly owned subsidiary, Epicchem Pty Ltd.

1.2 Proposed investment

As announced to ASX on 24 March 2010, the Company has entered into a farm-in agreement with Alpine Oil and Gas Pty Ltd (**AOG**) pursuant to which the Company (through a wholly owned subsidiary) has the right to earn a 10% interest in two contiguous offshore oil and gas exploration permits:

- (a) G.R15.PU, located offshore from the island of Pantelleria south west of Sicily in Italian waters; and
- (b) the Kerkouane Permit, located offshore north east of Tunisia.

Collectively, the prospect is known as the Lambouka prospect.

Lambouka lies in 400m water depth and straddles the Italian and Tunisian international boundary. It is a large tilted horst block with a combined prospective mean resource of 270 MMBOE, targeting three prospective and regionally proven hydrocarbon objectives.

1.3 Farm-in agreement

A summary of the material terms of the farm-in agreement is as follows:

- (a) (**Condition precedent**) completion of the farm-in is conditional on the Company obtaining Shareholder approval to undertake the investment. The Company seeks such Shareholder approval pursuant to Resolution 1.
- (b) (**Farm-in**) AOG will transfer a 10% interest in the Lambouka prospect to a wholly owned subsidiary of the Company in consideration for the Company paying to AOG:
 - (i) US\$100,000 on the date of the agreement;
 - (ii) 14% of all costs and expenses in connection with drilling a well in the Lambouka prospect up to a maximum total payment of US\$2,700,000;

- (iii) 10% of all costs and expenses in connection with a 3D seismic programme on the prospect in the event a discovery is made;
 - (iv) 10% of all costs and expenses in connection with the Lambouka prospect other than those costs related directly to drilling or the seismic programme; and
 - (v) following the acquisition of the farm-in interest, 10% of all ongoing costs and expenses in connection with the Lambouka prospect.
- (c) **(Drill date)** AOG agrees to commence drilling of a well on the Lambouka prospect on or before 24 September 2010, being the date that is six months after the date of the agreement. In the event this does not occur, AOG will refund the US\$100,000 paid by the Company upon execution of the agreement.
- (d) **(Joint operating agreement)** The Company and AOG will enter into a joint operating agreement to govern the management and operation of activities on the Lambouka prospect. AOG will be the operator under the joint operating agreement.
- (e) **(Pantelleria Lambouka)** The Company (through a wholly owned subsidiary) and AOG may form a separate joint venture in relation to the Pantelleria Lambouka prospect located in close proximity to the Lambouka prospect. The wholly owned subsidiary of the Company will acquire a 20% interest in the Pantelleria Lambouka joint venture for nominal consideration.
- (f) **(Warranties)** The agreement contains warranties considered standard in an agreement of this nature, including warranties from AOG that it has legal title to, and the ability to transfer, the 10% interest in the Lambouka prospect free of any encumbrance.

1.4 Shareholder approval

Resolution 1 seeks Shareholder approval to acquire an interest in the Lambouka prospect. Shareholder approval is required pursuant to ASX Listing Rule 11.1.2.

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and must comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that the acquisition of an interest in the Lambouka prospect constitutes a significant change in the nature of the Company's activities and it requires the Company to obtain Shareholder approval under ASX Listing Rule 11.1.2. The Company is not required to meet the re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

Resolution 1 seeks Shareholder approval for the change in nature of the Company's activities to enable it to acquire an interest in an oil and gas exploration project.

The Company advises that the acquisition of an interest in the Lambouka prospect will not affect the Company's existing business of drug discovery and development and the Company will continue with this business as its primary focus.

1.5 Advantage of the transaction

The Directors are of the view that the proposed oil and gas exploration activities represent a significant opportunity for the Company to create Shareholder value.

1.6 Disadvantage of the transaction

The Directors note that there are a number of risks associated with oil and gas exploration to which Shareholders are not presently exposed. These risks include the failure to discover an economically recoverable reserve, uncertainty of obtaining access to adequate capital for project development and general operational risks.

1.7 Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of the Resolutions contained in this Notice of Meeting. It is the view of the Directors that the investment will provide Shareholders the opportunity to participate in a potentially significant exploration programme of a highly prospective oil and gas prospect.

2. RESOLUTION 2 – APPROVAL TO ISSUE OPTIONS

2.1 General

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of up to 119,103,937 Options.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue, or agree to issue, during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue at the commencement of that 12 month period. One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

The Company is seeking approval under ASX Listing Rule 7.1 to be able to issue up to 119,103,937 Options. The effect of Resolution 1 will be to allow the Directors to issue the Options during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under ASX Listing Rule 7.1.

For the purpose of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 2:

- (a) the maximum number of securities to be issued is 119,103,937 Options;

- (b) the Options will be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the Options will be allotted on one date;
- (c) the issue price will be \$0.002 per Option;
- (d) as at the date of this Notice of Meeting, the names of the proposed allottees are not known and the quantity of the Options to be issued to each allottee is not known, however, the Options will not be issued to Directors or other related parties of the Company;
- (e) the Company will apply for quotation of the Options on ASX and the Options will be a new class of securities issued on the terms and conditions set out in Schedule 1; and
- (f) the Company intends to use the funds raised from the issue of the Options for working capital and to pursue complementary opportunities that the Board considers has the potential to add value to Shareholders.

3. ENQUIRIES

Shareholders may contact the Company on (+ 61 8) 9380 6550 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means PharmAust Limited (ACN 094 006 023).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Option means an option to acquire a Share having the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00 pm (WST) on 31 March 2012 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares. The Company will apply for quotation of Shares issued on exercise of the Options on ASX.
- (i) The Company will apply for quotation of the Options on ASX.
- (j) The Options are transferable in accordance with the market rules of ASX, the Corporations Act and the constitution of the Company.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

PROXY FORM

**APPOINTMENT OF PROXY
PHARMAUST LIMITED
ACN 094 006 023**

GENERAL MEETING

I/We

of

being a member of PharmAust Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 2:00pm (WST) on Friday 30th April 2010 at Level 31 Allendale Square, 77 St Georges Terrace Perth, Western Australia, and at any adjournment thereof.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval to Pursue Investment in an Oil and Gas Prospect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

PHARMAUST LIMITED
ACN 094 006 023

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to PharmAust Limited, PO Box 9028, Nicholson Road, Subiaco WA 6008;
or
 - (b) facsimile to the Company on facsimile number +61 8 9381 4056,

so that it is received not later than 2:00PM (WST) on 28TH April 2010.

Proxy forms received later than this time will be invalid.