



2007 Notice of Meeting

Peptech Limited ABN 98 002 951 877

Notice is given that the **2007 Annual General Meeting of shareholders of Peptech Limited ABN 98 002 951 877** ("Peptech" or the "Company") will be held at **The Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, Australia on Thursday 8 February 2007 at 10.00 am (Sydney time).**

Agenda

1. Financial Statements and Reports

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report of the Company for the year ended 30 September 2006.

2. Resolutions 2 and 3 – Re-election of Directors

To consider and, if thought fit, pass the following resolutions as **ordinary resolutions**:

- (a) "That, for all purposes, Mr Martin Kriewaldt, a Director retiring by rotation in accordance with clause 6.3 of the Company's Constitution and, being eligible, be re-elected as a Director."
- (b) "That, for all purposes, Mr Bill Bartlett, a Director retiring by rotation in accordance with clause 6.3 of the Company's Constitution and, being eligible, be re-elected as a Director."

3. Resolution 4 - Approval of grant of Shares to Dr John Chiplin, Managing Director

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

"That the acquisition of ordinary Shares in the Company by Managing Director, Dr John Chiplin, and the issue of those Shares under the Company's Performance Share Plan, as set out in the Explanatory Memorandum to this Notice of Meeting, be approved."

The above resolution has been proposed in accordance with the requirements of ASX Listing Rule 10.14.

Voting exclusion statement

The Company will disregard any votes cast on this resolution by Drs John Chiplin and Phil Jennings, the Executive Directors eligible to participate in the Performance Share Plan and their associates. However, the Company need 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.

4. Resolution 5 - Approval of grant of Shares to Dr Phil Jennings, Executive Director

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

“That the acquisition of ordinary Shares in the Company by executive Director, Dr Phil Jennings and the issue of those Shares under the Company’s Performance Share Plan, as set out in the Explanatory Memorandum to this Notice of Meeting, be approved.”

The above resolution has been proposed in accordance with the requirements of ASX Listing Rule 10.14.

Voting exclusion statement

The Company will disregard any votes cast on this resolution by Drs Phil Jennings and John Chiplin, the Executive Directors eligible to participate in the Performance Share Plan and their associates. However, the Company need 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.

5. Resolution 6 - Approval of Performance Share Plan

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

“That the issue of fully paid ordinary Shares in the capital of the Company to, for, or for the benefit of employees of the Company under the Company’s Performance Share Plan, the terms of which are summarised in the Explanatory Memorandum accompanying this Notice of Meeting, be approved”.

The above resolution has been proposed in order to satisfy the requirements of exception 9 of ASX Listing Rule 7.2 and section 260C (4) of the *Corporations Act 2001*.

Voting exclusion statement

The Company will disregard any votes cast on this resolution by any executive director, and an associate of any executive director. However, the Company need 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.

6. Resolution 7 – Increase in fee pool for non-executive directors

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

“That the maximum aggregate amount to be paid or provided as remuneration for the services of non-executive directors, in any year, be increased from \$500,000 to \$750,000.”

The above resolution has been proposed in order to satisfy the requirements of clause 6.5(a) of the Company’s Constitution and ASX Listing Rule 10.17.

Voting exclusion statement

The Company will disregard any votes cast on this resolution by any director, and an associate of any director. However, the Company need 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.

7. Resolution 8 - Remuneration Report

To consider, and if thought fit, pass the following **advisory only resolution**:

“That the Remuneration Report for the financial year ended 30 September 2006 as disclosed in the Directors’ Report be adopted.”

8. Resolution 9 - Approval of previous issue of Shares – Promics acquisition first tranche shares

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

“That the issue of 3,284,171 fully paid ordinary Shares in the Company on 23 and 24 May 2006 at \$1.37 per Share on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting in consideration of the acquisition of Promics Limited by the Company is approved.”

The above resolution has been proposed in accordance with the requirements of ASX Listing Rule 7.4.

Voting exclusion statement

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, and any associate of such a person. However, the Company need 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.

Voting entitlements

Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining member entitlement to vote at the meeting.

The Board has determined that a person’s entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm (Sydney Time) on Tuesday 6 February 2007. Transactions registered after that time will be disregarded in determining shareholders’ entitlement to attend and vote at the Annual General Meeting.

Proxies

Please note that:

- a shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company;
- shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes; and
- a body corporate appointed as a shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the shareholder’s proxy.

If you wish to appoint a proxy, you should complete and return the attached Proxy Form in accordance with the instructions set out in that form.

To be valid, the Proxy Form must be received at the address or facsimile number set out below NOT LATER THAN 10.00am (Sydney time) on Tuesday 6 February 2007.

In person:	Registered office: Peptech Limited 19 – 25 Khartoum Road MACQUARIE PARK NSW 2113 AUSTRALIA	Share Registry: Computershare Investor Services Pty Limited Level 2 60 Carrington Street SYDNEY NSW 2000 AUSTRALIA
By mail:	Peptech Limited 19 – 25 Khartoum Road MACQUARIE PARK NSW 2113 AUSTRALIA	Computershare Investor Services Pty Limited GPO Box 242 MELBOURNE VIC 3001 AUSTRALIA
By fax:	61 2 9870 8786	61 3 9473 2118

Corporate representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the *Corporations Act 2001* authorising him or her to act as that company's representative (an Appointment of Corporate Representative form can be obtained if required). The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

If you have any queries on how to cast your votes please call the Company's share registry, Computershare, on +61 3 9415 4000 during business hours.

Accompanying Explanatory Memorandum

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Shareholders should read that document in full.

Capitalised terms in this Notice of General Meeting have the meanings set out in the Explanatory Memorandum.

By order of the Board

Niall Henderson
Company Secretary
7 December 2006

Explanatory Memorandum

2007 Annual General Meeting – 8 February 2007

Introduction

This Explanatory Memorandum forms part of the Notice of Meeting for the Peptech Limited Annual General Meeting to be held at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, Australia on Thursday 8 February 2007 at 10.00am (Sydney time).

Information relevant to the business to be considered at the Annual General Meeting is provided in this Explanatory Memorandum and shareholders should read this document in full.

1. **Financial Statements and Reports**

The directors have approved the audited financial statements of the Company and its controlled entities and place before the shareholders the income statements, balance sheets, statements of changes in equity, and cash flow statements of the Company and its controlled entities ("**Financial Statements**"), the reports of the Directors and Auditor ("**Reports**") for the financial year ended 30 September 2006.

The Company is required to lay the Financial Statements and Reports before the Annual General Meeting but there is no requirement to include a resolution in respect of those documents.

As a shareholder, you are entitled to submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's Report; or
- the conduct of the audit in relation to the financial report.

All written questions must be directed to and received by the Company no later than 1 February 2007. The Company will then forward all written questions to the Auditor. Written questions may not be sent direct to the Auditor.

The Auditor will be attending the Annual General Meeting and will be available to answer questions from shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the Auditor in relation to the conduct of the audit.

In addition, shareholders will be given a reasonable opportunity to ask questions of the directors and make comments on the Financial Statements. Once all resolutions have been considered there will be an opportunity for shareholders to make comments and ask questions about the management and the general affairs of the business.

2. **Resolutions 2 and 3 – Re-election of Directors**

In accordance with ASX Listing Rule 14.4 and clause 6.3(b) of the Company's Constitution (**Constitution**), Directors Mr Martin Kriewaldt and Mr Bill Bartlett will retire at the 2007 Annual General Meeting and, being eligible, each offers himself for re-election.

2.1 *Biography*

Information about Mr Kriewaldt and Mr Bartlett is available in the Annual Report of the Company.

2.2 *Directors' recommendation*

All Directors, except Mr Martin Kriewaldt, recommend that shareholders vote in favour of the resolution to re-elect Mr Martin Kriewaldt as Director.

All Directors, except Mr Bill Bartlett, recommend that shareholders vote in favour of the resolution to re-elect Mr Bill Bartlett as Director.

3. **Resolutions 4 and 5 – Approve grant of Shares to Dr John Chiplin and Dr Phil Jennings under the Performance Share Plan**

3.1 *Overview*

The Company proposes to issue Shares under its Performance Share Plan (**PSP**) to:

- Dr John Chiplin, the Managing Director and Chief Executive Officer of the Company; and
- Dr Phil Jennings, an Executive Director and Research and Development Director of the Company.

3.2 Regulatory

ASX Listing Rule 10.11 provides that the Company must not issue or agree to issue securities to a related party, for example a director, without the approval of shareholders. ASX Listing Rule 10.12 provides several exceptions to ASX Listing Rule 10.11, including where the related party receives the securities under an employee incentive scheme with approval under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that the Company must not permit a director or an associate of a director to acquire securities under an employee incentive scheme without shareholder approval for acquisition of those securities. Any issue of securities under the PSP to either Dr Chiplin or Dr Jennings, requires shareholder approval under ASX Listing Rule 10.14.

If approval is obtained under Australian Stock Exchange Listing 10.11, approval is not required under ASX Listing Rule 7.1. The effect of the approval is that these Shares will be excluded from the calculation of the 15% of share capital that can be issued in a 12 month period under ASX Listing Rule 7.1.

3.3 Information on PSP

Drs Chiplin and Jennings are the only persons eligible to participate in the PSP who require approval under the ASX Listing Rules to participate in the PSP. No amount will be payable by either Dr Chiplin or Dr Jennings for the rights to or on the issue of Shares under the 2004 PSP. No Shares have been issued under the PSP to either of Drs Chiplin or Jennings, however allocations of Shares under the PSP have been made to them which may result in Shares being issued to them if performance hurdles are met. Details of the allocations that have been made to them are contained in the Annual Report (page 68 under – note 29 (d) (iv)).

The terms of the PSP are summarised in section 4 of this Explanatory Memorandum and any issue of Shares to Drs Chiplin and Jennings will be subject to the satisfaction of the performance hurdles explained in section 4.

Details of any securities issued to persons requiring approval under the ASX Listing Rules to be issued Shares under the PSP will be published in each Annual Report of the Company relating to a period in which securities have been issued, together with a statement to the effect that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons, for whom approval is required under the ASX Listing Rules for issues under the PSP, who become entitled to participate in the PSP after this resolution is passed, and who are not named in this Notice of Meeting, will not participate in the PSP until approval is obtained under ASX Listing Rule 10.14. No loan is being made to either Dr Chiplin or Dr Jennings in relation to their acquisitions.

The Company will not issue any Shares to Drs Chiplin or Jennings any later than three years after the date of this meeting.

Under the terms of Drs Chiplin's and Jennings' employment contracts, if shareholders do not approve the acquisition of Shares by Dr Chiplin or Dr Jennings under the PSP, they will be entitled to a cash bonus equal to the value of the Shares they would otherwise have received.

3.4 Dr Chiplin - Share issue entitlement

The number of Shares that the Company proposes to offer to Dr Chiplin under the PSP which are the subject of this resolution will be Dr Chiplin's total remuneration package (**TRP**) at 1 January 2007 multiplied by his allocation, approved by the Board, on 1 January 2007 divided by the three calendar month average closing Share price of the Company to 31 December 2006.

The exact number of Shares that Dr Chiplin will be offered and may acquire under the PSP can only be determined once the following information is known:

- the average closing price of Peptech's Shares during the three months to 31 December 2006;
- Dr Chiplin's TRP for the year ending 31 December 2007; and
- Dr Chiplin's personal performance during the year ended 31 December 2006.

By way of example: If the three month average Share price of the Company's Shares to 31 October 2006 is \$1.28, and assuming that Dr Chiplin's TRP for the year ended 31 December 2007 will be \$420,000, the maximum number of Shares that Dr Chiplin may acquire under the PSP the subject of this resolution (assuming his personal performance during the year ended 31 December 2006 entitles him to be allocated Shares equal to 20% of his TRP for that year) will be 65,625.

At the Annual General Meeting, the Company will provide details of the exact number of Shares to which Dr Chiplin may become entitled under the PSP the subject of this resolution.

There is no cost to Dr Chiplin on the acquisition of Shares by him. The issue of Shares under the PSP is part of Dr Chiplin's overall remuneration package.

3.5 Dr Jennings - Share issue entitlement

The number of Shares that the Company proposes to offer to Dr Jennings which are the subject of this resolution under the PSP will be his TRP at 1 January 2007 multiplied by his allocation, approved by the Board, on 1 January 2007 divided by the three calendar month average closing Share price to 31 December 2006.

The exact number of Shares that Dr Jennings will be offered and may acquire under the PSP can only be determined once the following information is known:

- the average closing price of Peptech's Shares during the three months to 31 December 2006;
- Dr Jennings' TRP for the year ending 31 December 2007; and
- Dr Jennings' personal performance during the year ended 31 December 2006.

By way of example: If on the three month average Share price of the Company's Shares to 31 October 2006 is \$1.28, and assuming that Dr Jennings' TRP for the year ended 31 December 2006 will be \$370,000, the maximum number of Shares that Dr Jennings may acquire under the PSP the subject of this resolution (assuming his personal performance during the year ended 31 December 2006 entitles him to be allocated Shares equal to 20% of his TRP for that year) will be 57,813.

At the Annual General Meeting, the Company will provide details of the exact number of Shares to which Dr Jennings may become entitled under PSP the subject of this resolution.

There is no cost to Dr Jennings on the acquisition of Shares by him. The issue of Shares under the PSP is part of Dr Jennings' overall remuneration package.

3.6 Comparator Group

Shares will only be issued to Drs Chiplin and Jennings if performance hurdles are met. The performance hurdles are described in section 4 and in broad terms measures the relative performance of Peptech against peer companies selected by the Board. The companies against which Peptech's performance will be measured for Drs Chiplin and Jennings are set out below.

Agenix Ltd	Metabolic Pharmaceuticals Ltd
Alchemia Ltd	Norwood Abbey Ltd
Biota Holdings Ltd	Novogen Ltd
Biotron Ltd	Peplin Biotech Ltd
Bone Medical Ltd	Pharmaxis Ltd
Chemeq Ltd	Prana Biotechnology Ltd
Chemgenex Ltd	Prima Biomed Ltd
Circadian Technologies Ltd	Progen Industries Ltd
Cytopia Ltd	Sirtex Medical Ltd
Evogenix Ltd	Starpharma Pooled Development Ltd

3.7 Vesting

The Company expects to offer Shares, subject to shareholder approval, under the PSP to Dr Chiplin and Dr Jennings in January 2007. Shares to which Drs Chiplin and Jennings become entitled under the terms of the PSP (on meeting certain performance criteria) will be issued on or before three years from the date of shareholder approval.

3.8 Directors' recommendation

As Dr Chiplin has an interest in the outcome of resolution 4, he does not consider it appropriate to make a recommendation with respect to this resolution. All other directors recommend that shareholders vote in favour of this resolution.

As Dr Jennings has an interest in the outcome of resolution 5, he does not consider it appropriate to make a recommendation with respect to this resolution. All other directors recommend that shareholders vote in favour of this resolution.

4. Resolution 6 - To approve the Performance Share Plan

4.1 Overview

The PSP was last approved by shareholders at the Annual General Meeting of the Company on 27 February 2004. This approval expires on the third anniversary of that General Meeting. The Company is again seeking shareholder approval to issue Shares to employees under the PSP at this Annual General Meeting.

To assist it in determining the most appropriate conditions for the PSP, the Board commissioned Ernst & Young Taxation and Financial Services Limited (E&Y) to review its long-term incentive arrangements in the context of market practice by ASX 200 Companies. In their findings, E&Y concluded that the PSP is generally in line with market practice of ASX 200 Companies. In particular their findings support the use of a relative total shareholder return (TSR) performance hurdle as used in the PSP as this is the most prevalent performance hurdle for ASX 200 Companies.

In prior years the Board has been criticised for not including additional performance hurdles such as earnings per share or return on shareholder funds. The Board did consider these additional performance criteria when settling the PSP in 2004. However, their final determination was that their inclusion was inappropriate because of the earnings volatility of Peptech as a biotechnology company. Since that time, the Board has again considered the use of other performance measurements for the PSP but has again concluded that relative TSR performance against a peer group of companies is the most appropriate measurement hurdle for Peptech.

Since 27 February 2004, the Company has not issued any Shares under the PSP. However, it has allowed for and made three separate allocations for Peptech employees under the PSP. These allocations may result in Shares being issued to Peptech employees if the performance hurdles associated with the allocations are met. Details of these allocations are set out in the Annual Report (page 79 – note 41c).

The Board considers the motivation and retention of the employees of Peptech and its subsidiaries (from time to time) (**Peptech Group**) to be vital to Peptech's long term performance and has determined that it will continue to utilise the PSP as a component of Peptech's overall remuneration strategy.

The PSP is an employee incentive scheme intended to provide an incentive to employees to drive the continuing improvement in Peptech's performance, to provide a market competitive reward mechanism in line with the guidelines and expectations of shareholders and to provide employees with the opportunity to acquire an ownership interest in the Company.

4.2 Regulatory

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue more than 15% of its issued capital in a 12 month period. ASX Listing Rule 7.2 provides several circumstances where particular issues of equity securities are excluded from the calculation of the 15% limit under ASX Listing Rule 7.1, including issues under an employee incentive scheme if within three years before the date of issue, shareholders approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

The Company seeks shareholder approval under ASX Listing Rule 7.2 for the issue of ordinary Shares in the Company to, for, or for the benefit of employees of the Company under the PSP over the period of three years following the passing of this resolution.

Approval for the issue of Shares under the PSP is sought by way of an ordinary resolution to satisfy the requirements of ASX Listing Rule 7.2, exception 9.

4.3 Offers to participate in the PSP

Pursuant to the PSP, full or part-time employees of the Peptech Group which are selected by the Board, may be offered ordinary Shares in Peptech ("**Shares**") on terms and conditions determined by the Board. Non-executive directors are not entitled to participate in the PSP. Those employees who accept their offer will become participants in the PSP. Participants in the PSP will have a conditional entitlement to receive Shares under the PSP, subject to satisfaction of performance criteria determined by the Board within a prescribed period.

If a participant's performance criteria is satisfied within the prescribed period, Shares will either be issued to the participant by the Company, or acquired on-market by the Plan Administrator (being a person appointed by the Board to administer the PSP) on the participant's behalf, and those Shares will be registered in the name of the participant. However, until the Shares are released from the PSP, Shares will remain subject to the PSP rules and to the "holding lock" applied pursuant to those rules (see below), and the participant will be restricted in his or her ability to deal in those Shares.

An entitlement to Shares will lapse if a participant's performance criteria is not satisfied within the prescribed period, unless the participant ceases to be employed by the Peptech group for a "qualifying reason" or a "Capital Event" occurs (see below).

It is the Board's intention that all of Peptech's employees will participate in the PSP and that the value of Shares offered to employees under the PSP will represent up to approximately 20% of an employee's Total fixed Remuneration Package (**TRP**).

Peptech's Executive Directors (Dr John Chiplin and Dr Phil Jennings) are entitled to participate in the PSP. Their allocations are the subject of specific shareholder approvals set out in resolutions 4 and 5.

4.4 Performance Criteria

Under the rules of the PSP, the Board will determine the performance criteria which will apply to offers made to employees under the PSP. The Board has determined that the performance criteria that will be imposed will be the relative total shareholder return (**TSR**) of the Company within a comparator group. The performance criteria will be measured over a period of three years.

Broadly, TSR is the return to shareholders provided by Share price appreciation, plus reinvested dividends, expressed as a percentage of investment. Peptech's TSR is to be measured against the TSR of each company in a comparator group at the end of the performance period.

In respect of the offers under the PSP, it is proposed that the comparator group will comprise selected ASX listed companies from the Australian Pharmaceutical & Biotechnology Industry. Peptech's ranking in the TSR comparison will determine the number of Shares to which participants are entitled. If Peptech is ranked below the 51st percentile, participants will not be entitled to any Shares. If Peptech is ranked at the 51st percentile, 50% of the Shares offered to participants will be allocated. If Peptech is ranked at or above the 75th percentile, 100% of the Shares offered to participants will be allocated. If Peptech is ranked between the 51st and 75th percentile on the TSR comparison, a percentage between 50% and 100% of the Shares offered to participants will be allocated, determined on a straight line basis.

The Comparator Group for the PSP allocations on 1 January 2007 will be selected by the Board based on a number of criteria including market capitalisation, type of company, and the research programs undertaken by those companies.

It is the Board's current intention that similar terms and conditions to those described above will be imposed in respect of future offers under the PSP. However, having regard to its discretion to determine the terms and conditions attaching to each offer under the PSP, the Board will ensure that any terms and conditions imposed are appropriate at the time the offer is made.

4.5 Disposal Restrictions

Prior to satisfaction of any applicable performance criteria, a participant will only have a conditional entitlement to Shares. Upon satisfaction of those performance criteria, the participant will become entitled to those Shares, and the Shares will be allocated to the participant and registered in his or her name, subject to a holding lock being applied to the Shares pursuant to the PSP rules. A "holding lock" is a facility which the Company is able to put in place (subject to the requirements of ASX Listing Rule 8.10) in relation to specific Shares that prevents those Shares from being transferred from the holding of shares on a CHES Subregister or an Issuer Operated Subregister. It effectively prevents the registered holder dealing in those Shares until the holding lock is released by the Company.

Shares will remain subject to a holding lock and to the terms of the PSP until a Notice of Withdrawal is lodged in respect of those Shares and accepted by the Plan Administrator in accordance with the PSP rules. If a Notice of Withdrawal is accepted by the Plan Administrator, the holding lock in respect of the Shares the subject of that notice, will be released.

A Notice of Withdrawal may be lodged by a participant following the earlier of:

- July in the year (being a period commencing 1 July and ending 30 June) that is 10 years after the year in which the offer is made and accepted by the participant;
- the participant ceasing to be an employee of the Peptech Group;
- a "Capital Event" (generally, a successful takeover offer or scheme of arrangement relating to the Company) occurring; and
- the date upon which the Board gives its written consent to the lodgment of a Notice of Withdrawal by the participant.

While Shares remain subject to the PSP rules, participants will, in general, enjoy the rights attaching to those Shares (such as voting and dividend rights, etc.).

The conditional entitlement to Shares will lapse if the performance criteria relating to those Shares are not met (or waived by the Board) prior to the end of the relevant performance period.

4.6 Financial Assistance and the PSP

It is currently intended that no payment will be required from a participant in the PSP upon the grant of the conditional entitlement to Shares, or the subsequent allocation of Shares if the applicable performance criteria are satisfied. That is, financial assistance for the acquisition of Shares will be provided by the Company under the PSP in the form of the grant of Shares to eligible employees at no cost to those employees. If Shares are acquired on market for the purposes of the PSP, there will be a direct cost to the Company equal to the market price of those Shares (and any related costs such as brokerage). If Shares are issued by the Company for the purposes of the PSP, there will be an indirect cost to the Company. The Board considers this cost an acceptable one for the benefit of encouraging employees of the Peptech Group to become shareholders in the Company.

The financial assistance provisions in the *Corporations Act 2001* which prohibit a Company from "financially assisting" the acquisition of its own Shares, contain an express exemption (in section 260C(4) of the *Corporations Act 2001*) in relation to financial assistance under employee share schemes which have been approved by the company's shareholders. If the adoption of the PSP is approved, this exemption will apply to the PSP.

4.7 Ceasing Employment

Where a participant ceases to be employed by Peptech because of a "qualifying reason" prior to satisfaction of the performance criteria, the Board will determine if any offered Shares, to which the employee was conditionally entitled, will be allocated (notwithstanding that those performance criteria may not have been satisfied).

"Qualifying reasons" include death, total and permanent disability, retirement, redundancy, or cessation of employment with a member of the Peptech Group because the employer company ceases to be a subsidiary of Peptech or sells the business in relation to which the participant is employed, and any other reason determined by the Board.

Where a participant ceases to be employed by Peptech other than because of a "qualifying reason" prior to satisfaction of the performance criteria, any conditional entitlements of the participant to any offered Shares will automatically lapse.

4.8 Forfeiture of Shares

If the Board determines that a participant has acted fraudulently or dishonestly, has committed an act of harassment or discrimination, is in serious breach of any duty to Peptech, or, in the Board's reasonable opinion, has brought Peptech or any other member of the Peptech Group into serious disrepute, any Shares to which the participant was entitled and any Shares held by the participant under the PSP are forfeited by the participant.

4.9 Reorganisation of Capital

In the event of a reorganisation of capital, including a rights issue or bonus issue, a participant's conditional entitlement to Shares will be adjusted in accordance with the PSP rules to ensure no advantage or disadvantage accrues to the participant. Participants will be notified in writing of a reorganisation of capital.

4.10 Change of Control

If a "Capital Event" occurs in relation to the Company more than 12 months after the date on which a participant accepts an offer under the PSP, then the participant will be entitled to receive all of the Shares the subject of that offer regardless of whether all of the performance criteria relating to that offer have been satisfied.

If a "Capital Event" occurs in relation to the Company within 12 months after the date on which a participant accepts an offer under the PSP, then the participant will be entitled to receive a proportion of the Shares the subject of that offer regardless of whether all of the performance criteria relating to that offer have been satisfied. The proportion will be calculated on a pro-rata basis in accordance with the rules of the PSP.

If Shares are already held by a participant under the PSP at the time of a "Capital Event" occurring in relation to the Company, and those Shares are subject to a holding lock in accordance with the PSP rules at that time, the participant may lodge a Notice of Withdrawal in respect of those Shares and seek the release of those Shares from the Plan and the related holding lock.

4.11 Maximum number of Shares that can be issued subject to the PSP

The aggregate of:

- the number of Shares offered (but not yet accepted) under the PSP;
- the number of Shares issued (or to be issued upon satisfaction of performance criteria) under the PSP in the preceding five years; and
- the number of Shares (and options over unissued Shares) issued under any other employee share scheme extended to members of the Peptech Group,

must not exceed an amount equal to 5% of the Company's issued ordinary shares at any point in time but disregarding an offer to a person situated outside of Australia at the time of the offer or an offer that does not need disclosure to investors because of section 708 of the *Corporations Act 2001*.

4.12 Amendment

In general, subject to any requirements of the ASX Listing Rules or the *Corporations Act 2001*, the Board may amend or add to the rules of the PSP and may vary the rights or restrictions attaching to Shares allocated, issued or acquired (as appropriate) under the PSP in its discretion. However, amendments which prejudicially affect the rights of a participant may only be made with the consent of the participant, provided that such amendments may be made without consent in the following circumstances:

- to comply with legislation;
- to correct any manifest error or mistake in the PSP; or
- to take into consideration adverse tax implications.

The rules of the PSP, the other documentation associated with the PSP and the terms of the offers to be made, have been approved by the Board, subject to any amendments required to correct any errors or inconsistencies, or as otherwise determined by the Company's Remuneration Committee.

Details of Shares issued under the PSP will be published in Peptech's Annual Reports.

A copy of the PSP is available from the Company Secretary or can be accessed via Peptech's website – www.peptech.com; in the Investor Relations – supporting documents section.

4.13 Directors' recommendation

All non-executive directors recommend that shareholders vote in favour of this resolution.

5. Resolution 7 - Increase fee pool for non-executive directors

5.1 Overview

ASX Listing Rule 10.17 and clause 6.5(a) of the Constitution provide that the maximum aggregate amount of the remuneration payable as Directors' fees to non-executive directors is \$500,000 or such larger amount as determined by members in a general meeting. Resolution 7 seeks shareholder approval to increase the maximum aggregate fees payable to non-executive directors in each financial year from \$500,000 to \$750,000.

The purpose of the increase is to give the Company the means to appoint non-executive directors with the appropriate skills, experience and connections to assist the Company to achieve its goals. To be able to continue to attract non-executive directors of high calibre, it is essential that remuneration arrangements for non-executive directors are competitive with the market. Fees paid to non-executive directors recognise the competitive pressures of the market place and the need to attract and retain appropriately experienced and qualified Board members.

Current corporate practice in Australia is for Boards to be composed primarily of directors appointed from outside the Company. Your Company currently has seven directors, five of whom are non-executive directors. A significant time commitment is made by directors in directing and overseeing the Company's affairs.

Full details of all payments to non-executive directors are included in the Remuneration Report section of the Annual Report.

Shareholders last approved an increase in the fee pool in January 2002. Since that time, the Company has ceased its policy of paying retirement benefits to directors and the workload on non-executive directors has increased due to the continually changing regulatory environment and the expansion of the Company's activities. Taking into account the value of directors' retirement benefits that would have been payable, had the policy of paying retirement benefits not ceased, the actual fees paid to non-executive directors have increased at an average of 1.2% per annum since 2002.

The current fee pool of \$500,000 is close to maximum utilisation. To enable the expansion of the Board, which may arise through the Company's mergers and acquisition activity and to ensure non-executive directors are paid fees commensurate with market practice, the Board is seeking shareholder approval to increase the fee pool to \$750,000.

Executive Directors receive salary and other remuneration in accordance with the terms of their employment agreements, but do not receive non-executive directors' fees. The remuneration paid by the Company to Executive Directors is not included in the maximum aggregate amount of Directors' fees for the purpose of this resolution.

5.2 Directors' recommendation

As all of the non-executive directors have an interest in the outcome of this resolution, they do not consider it appropriate to make a recommendation with respect to this resolution. Drs Chiplin and Jennings, who do not have an interest, recommend that shareholders vote in favour of this resolution.

6. Resolution 8 - Remuneration Report

The *Corporations Act 2001* requires that the Remuneration Report, as contained within the Directors' Report, be put to shareholders for adoption by way of non-binding vote.

The Remuneration Report can be found in the Directors' Report section of the Annual Report.

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

7 Resolution 9 - Approval of previous issue of Shares – Promics acquisition

7.1 Overview

On 18 May 2006 the Company entered an agreement with the security holders of Promics Limited (**Promics**) to acquire all of the issued securities in Promics. Promics is an Australian company developing products that target inflammatory diseases. Peptech agreed to pay the purchase price in two tranches:

- the sum of \$4,499,314 on completion (**First Tranche Consideration**); and
- the sum of \$7,000,686 on the second tranche payment date (**Second Tranche Consideration**).

The First Tranche Consideration was satisfied on 23 May 2006 and 24 May 2006 by the issue of 3,284,171 ordinary shares in Peptech (**First Tranche Shares**). The Second Tranche Consideration is payable only in the event that a Promics compound either enters a Phase III clinical trial or is commercialised for a human indication. The Second Tranche Consideration can be satisfied through the issue of 5,109,990 ordinary shares by Peptech or in cash, at Peptech's discretion.

The Company announced details of the transaction to the ASX on 18 May 2006.

7.2 *Regulatory requirements*

ASX Listing Rule 7.1 requires shareholder approval for the issue of securities if, over a 12 month period, the number of securities issued is greater than 15% of the ordinary shares of the company at the start of the 12 month period.

The First Tranche Shares were issued without prior shareholder approval. ASX Listing Rule 7.4 treats the issue of those Shares, made without approval under ASX Listing Rule 7.1, as having been made with approval for the purposes of ASX Listing Rule 7.1 if shareholders subsequently approve their issue.

The Company seeks the ratification by the shareholders of the issue of the First Tranche Shares.

7.3 *Terms of issue:*

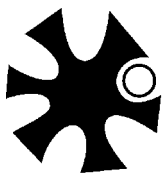
The First Tranche Shares rank equally in all respects with the existing ordinary Shares on issue and were issued at an issue price of \$1.37 per Share. 3.1 million of the First Tranche Shares are subject to a 12-month escrow and holding lock. These restrictions expire 12-months after the date of allotment.

The First Tranche Shares were issued to the persons who held securities in Promics. In total 2.04% of the Company's Share capital was issued and no one person was issued more than 0.62% of the Company's Share capital.

As the First Tranche Shares were issued in consideration of the acquisition of Promics, no funds were raised on the issue of the First Tranche Shares.

7.4 *Directors' recommendation*

All Directors recommend that shareholders vote in favour of this resolution.



PEPTECH
Limited

Peptech Limited • ABN 98 002 951 877

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Proxy Form

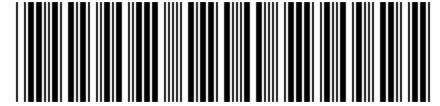
All correspondence to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
VIC 3001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2118
www.computershare.com



000001 000 PTD
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890

I ND

Appointment of Proxy

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



the Chairman
of the Meeting
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or 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 directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Peptech Limited to be held at The Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales, Australia on Thursday 8 February 2007 at 10:00 am ADST and at any adjournment of that meeting.



IMPORTANT: FOR ITEMS 4, 5, 6, 7 & 9 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 4, 5, 6, 7 & 9 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. 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 Items 4, 5, 6, 7 & 9 and your votes will not be counted in computing the required majority if a poll is called on these items.

Voting directions to your proxy - please mark



to indicate your directions

		For	Against	Abstain*			For	Against	Abstain*
2	To re-elect Mr Martin Kriewaldt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	To approve the issue of shares under the Performance Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-elect Mr Bill Bartlett as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Increase in fee pool for non-executive directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To approve the grant of shares to Dr John Chiplin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To approve the grant of shares to Dr Phil Jennings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	To approve the issue of 3,284,171 shares in consideration of the acquisition of Promics Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

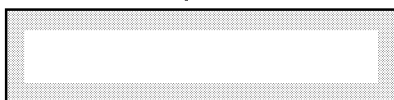
In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* 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.

PLEASE SIGN HERE

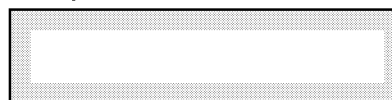
This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



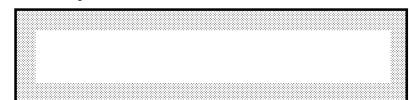
Sole Director and
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /

PTD

19PR



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. 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 securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities 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 securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, 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 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 securities 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 in the same envelope.

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, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document 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 a corporate Securityholder or proxy 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 or at www.computershare.com.

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 no later than 48 hours before the commencement of the meeting at 10:00 am ADST on Thursday 8 February 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- IN PERSON Registered Office - 19-25 Khartoum Road, Macquarie Park NSW 2113, www.peptech.com
Share Registry - Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney NSW 2000 Australia
- BY MAIL Registered Office - 19-25 Khartoum Road, Macquarie Park, NSW 2113, www.peptech.com
Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia
- BY FAX 61 3 9473 2118