

23 October 2008

Dear Acrux Shareholder,

We are very pleased to invite you to attend Acrux's Annual General Meeting, for which the following documents are enclosed:

- Notice of the meeting, including notes and explanatory statement
- a personalised proxy form and return envelope

If you have elected to receive it in printed form, also enclosed is our Annual Report for the year ended 30 June 2008, which we trust you will find useful and informative. An electronic copy of the report can be viewed on our website (www.acrux.com.au).

The Annual General Meeting will be held at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne, on Monday 24 November 2008, commencing at 10.30 am.

If you are unable to attend, but wish to appoint a proxy, please complete the proxy form and return it to our Registrar in the envelope provided.

If you are able to attend, we look forward to welcoming you and ask you please to bring the personalised proxy form with you to assist registration and admission to the meeting.

Yours sincerely,



Ross Dobinson
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the members of Acrux Limited will be held at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne, Victoria, Australia on Monday 24 November 2008 at 10.30 am.

AGENDA

Financial Statements and Reports

To receive and consider the financial report of the Company and the reports of the directors and auditor for the year ended 30 June 2008.

Remuneration Report

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

1. *That the Company's remuneration report for the year ended 30 June 2008 be adopted and approved.*

Amendment to options granted to Richard Treagus

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

2. *That approval is given for the cancellation of the options to acquire 2,692,495 ordinary shares at an exercise price of 90 cents per share that were granted to Richard Treagus on 5 July 2006 and are due to expire on 5 July 2009, and for the grant to Dr Treagus of options to acquire 2,692,495 ordinary shares at an exercise price of 90 cents per share, expiring 5 July 2011 and upon exercise of those options, the issue of the shares underlying the options.*

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this resolution by or on behalf of a Director of the Company or an associate of a Director of the Company. However, the Company need not disregard a vote if cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (b) the Chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and if required the acknowledgement box on the proxy form relating to the resolution is marked).

Re-election of Ken Windle as a Director

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

3. *That Ken Windle, who in accordance with clause 58 of the Company's constitution retires by rotation and being eligible offers himself for re-election as a Director, be re-elected as a Director of the Company.*

By order of the Board



Jon Pilcher, CFO & Company Secretary
Date: 23 October 2008

NOTES

Entitlement to Vote and Proxies

Only registered holders of the Company's shares as at 10.30 am on 22 November 2008 are eligible to attend and vote at the Annual General Meeting. If you do not plan to attend the Annual General Meeting you are encouraged to complete and return the proxy form that accompanies this Notice. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint not more than two proxies. A proxy need not be a member of the Company. The proxy may be an individual or a body corporate. Your proxy's authority to speak and vote for you at the meeting is suspended if you are present at the meeting.

If you appoint one proxy, that proxy may vote on a show of hands. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of your voting rights on a poll but neither proxy has a vote on a show of hands. If you appoint two proxies and the appointment does not specify the proportion or number of your votes each proxy may exercise, section 249X of the *Corporations Act 2001* provides that each proxy may exercise half of the votes (ignoring fractions). If you appoint another member as your proxy, that person will have only one vote on a show of hands and does not have to vote on a show of hands in accordance with any direction by you.

You may direct your proxy how to vote by marking **X** in one of the three boxes opposite each item of business. All your votes will be cast in accordance with your direction, unless you indicate only a portion of votes are to be cast on any item by inserting the percentage of your voting rights applicable to the proxy appointed by the proxy form in the appropriate box. If you do not mark any of the boxes relating to the items of business, your proxy may vote as he or she chooses. If you mark more than one box relating to the same item of business any vote by your proxy on that item will be invalid.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received **not later than 10.30 am on 22 November 2008**:

- by post in the reply paid envelope provided addressed to Link Market Services Limited;
- by facsimile to Link Market Services Limited on fax number (02) 9287 0309;

- by hand delivery or facsimile to Acrux Limited, 103-113 Stanley Street, West Melbourne, Victoria, Australia, 3003; fax number (03) 8379 0101.

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

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

EXPLANATORY STATEMENT

Receipt of Financial Statements and Reports

The Company's financial report and the reports of the directors and auditor for the year ended 30 June 2008 are placed before the meeting giving shareholders the opportunity to discuss these documents and to ask questions. No resolution is required in respect of these documents.

Resolution 1: Remuneration Report

The *Corporations Act* requires the directors' report to include certain information relating to director and executive remuneration in a "Remuneration Report". The *Corporations Act* further requires that each Australian listed public company put to a vote at its annual general meeting a resolution that the Remuneration Report be adopted. The vote is advisory only and does not bind the directors of the Company. The Remuneration Report can be found at pages 38 to 45 of the Company's 2008 Annual Report.

Resolution 2: Amendment to options granted to Richard Treagus

On 5 July 2006 options to acquire 2,692,495 ordinary shares at an exercise price of 90 cents per share, representing a premium of 20% over the market price of shares at that date, were granted to the Company's new CEO, Richard Treagus in order to align his interests strongly with shareholders. Notwithstanding that under the Company's Employee Share Option Plan (ESOP), all options have a life of 5 years, the Board determined that the life of this particular grant of options under Richard's employment contract should be reduced to 3 years. This was due to the following factors:

- Richard was unproven as a CEO, since this was his first appointment
- The Board wished to see evidence of rapid commercial progress

Richard's performance since his appointment as CEO and subsequent appointment to the Board has been excellent and he is now very highly regarded within the life sciences sector. Acrux's commercial progress under his stewardship resulted in a doubling of the share price prior to the severe turmoil in the financial markets. The non-executive Directors believe that the interests of

shareholders are best served by providing a stronger incentive beyond 5 July 2009 for Richard to continue to drive the Acrux business to achieve its commercial potential. In order to achieve this, the non-executive Directors recommend that the options due to expire on 5 July 2009 are cancelled and the same number of new options are issued under Richard's employment contract at the same exercise price, with an expiry date of 5 July 2011. The new options would therefore be exercisable at any time up until 5 July 2011. The effect of these actions is to bring the options in line with all options granted under the ESOP. The issue of new options requires the approval of shareholders under Listing Rule 10.14 and in addition, subject to obtaining the approval of shareholders, the Company has received from ASX a waiver of Listing Rule 6.23.3 in order to implement these actions. The new options will be issued not later than 28 November 2008.

A further 1,300,000 options were granted to Richard on 30 August 2007 under the ESOP, at an exercise price of \$1.84 per share, with a vesting date of 30 August 2009 and an expiry date of 30 August 2012. The exercise price represented a premium of approximately 30% compared with the market price of the shares on the grant date. These options were issued following approval by shareholders at last year's AGM. Richard holds options equivalent to approximately 2.5% of the Company's issued share capital. Total employee options outstanding are equivalent to approximately 4.6% of the Company's issued share capital and have exercise prices ranging from 69 cents per share to \$1.84 per share.

No options have been issued to a Director or their associate since the approval at last year's AGM. Subject to shareholder approval, all Directors (being Ross Dobinson, Ken Windle, Barrie Finnin and Richard Treagus) are entitled to participate in the ESOP, however during the period since Acrux listed on the ASX in 2004, the Board has determined that non-executive Directors will not be remunerated in the form of options.

Resolution 3: Re-election of Ken Windle as a Director

Ken has been a non-executive Director of the Company since 2001. He is Deputy Chairman, Chair of the Human Capital Committee and Chair of the Audit and Risk Committee.

Ken held a series of global commercialisation and senior management positions in Glaxo and Glaxo Wellcome, serving as a member of the Group Executive and Commercial & Operations Committees. From 1980 he headed Glaxo's UK subsidiary and was CEO of Glaxo Australia from 1986-95. In 1995 he was appointed Regional Director, Asia Pacific. He was also a director of Sigma Company Limited (ASX: SIP) from 2000 to December 2005. Ken is currently Chairman and CEO of Advent Pharmaceuticals Pty Ltd, Chairman of Cerylid Limited and a director of Aus Bio Limited. Ken is also a member of the Innovation Australia Board and Chairman of the Pharmaceuticals Committee. He has served as a Consultant to the Prime Minister's Science Council on Industry Development and was a director of the Singapore Economic Development Board. Ken was Chairman of the APMA (now known as Medicines Australia) and has been twice a winner of the Governor of Victoria Export Prize.



ACRUX LIMITED

ABN 72 082 001 152

Please return your Proxy forms to:

Link Market Services Limited

Level 12, 680 George Street, Sydney NSW 2000

Locked Bag A14, Sydney South NSW 1235 Australia

Telephone: 1300 554 474

From outside Australia: +61 2 8280 7111

Facsimile: (02) 9287 0303

ASX Code: ACR

Website: www.linkmarketservices.com.au

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 Acrux 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 10:30am on Monday, 24 November 2008, at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne, Victoria, Australia 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 **X** in the appropriate box below.

Resolution 1

Adoption of Remuneration Report (advisory only)

For	Against	Abstain*
☐	☐	☐

Resolution 2

Cancellation and grant of options to Richard Treagus

☐	☐	☐
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Resolution 3

Re-election of Ken Windle as a Director

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IMPORTANT: FOR RESOLUTION 2 ABOVE

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Item 2 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, 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 Item 2 and your votes will not be counted in calculating the required majority if a poll is called on this Item.

The Chairman of the Meeting intends to vote undirected proxies in favour of Item 2.

* 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.

D

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

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* (Cwlth).

ACR PRX842



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 10:30am on Saturday, 22 November 2008, 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 or facsimile to Acrux Limited's share registry as follows:

Acrux 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.