THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION

If you are in doubt as to how to deal with it,
please consult your financial or other professional adviser.

NOTICE OF ANNUAL GENERAL MEETING

COLLTECH AUSTRALIA LTD

ABN 24 094 515 992

Incorporating

Explanatory Memorandum and Proxy Form

Notice is given that an Annual General Meeting of CollTech Australia Limited will be held at

The Celtic Club,

48 Ord Street, West Perth, Western Australia 6005.

On Wednesday 21 November 2007 at 12 noon

Registration opens at 11.45 a.m.

INSTRUCTIONS TO SHAREHOLDERS

Venue

The Annual General Meeting of the shareholders of CollTech Australia Ltd will be held at:

The Celtic Club,
48 Ord Street, West Perth, Western Australia 6005.

Commencing at

12:00 noon (WDST) on Wednesday 21 November 2007. Registration opens at 11.45 a.m.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 12.00 noon

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this notice as soon as possible and either:

1. return the proxy form by post to CollTech Australia Ltd PO Box 1264, West Perth WA 6005, or

2. send the proxy form by facsimile to the Company on facsimile number (+61 8) 9426 3909, so that it is received no later than 12:00 noon (WDST) on Monday 19 November 2007.

Your proxy form is enclosed.

Bodies Corporate – Corporate Representation

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting of Shareholders. The appointment may be a standing one.

Enquiries

The Company welcomes enquiries in respect of matters covered in this Notice of Meeting and Explanatory Memorandum and attendance of shareholders at the Annual General Meeting proposed. Should you require further information please contact:

Chairman	or	Company Secretary
Mr Stephen Carter		Mr Glen Brune
Phone: (+61 8) 9426 3900		Phone: (+61 8) 9426 3900
Fax: (+61 8) 9426 3909		Fax: (+61 8) 9426 3909
Email: scarter@colltech.com.au		Email: gbrune@colltech.com.au

The Explanatory Memorandum accompanying this Notice of Meeting forms part of and is deemed to be incorporated in the Notice of Meeting and should be read with the Notice. There is a Glossary towards the end of the Explanatory Memorandum that defines various words and phrases used in this Notice and Explanatory Memorandum

NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of CollTech Australia Limited ("Company") will be held at The Celtic Club, 48 Ord Street West Perth, Western Australia on Wednesday 21 November 2007 commencing at 12:00 noon WDST.

BUSINESS OF THE ANNUAL GENERAL MEETING

ORDINARY BUSINESS

FINANCIAL STATEMENTS & REPORTS

To receive and consider the annual financial report of the Company, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2007.

RESOLUTION 1:

ADOPTION OF REMUNERATION REPORT (Non Binding)

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

"That the Remuneration Report for the financial year ended 30 June 2007 be adopted."

Note: In accordance with section 250R(3) of the Corporations Act the vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2:

RE-ELECTION OF DIRECTOR – DR ANNA KLUCZEWSKA

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

"That Dr Anna Kluczewska who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3:

ISSUE OF OPTIONS TO DIRECTOR, MR GREGG MASTROIANNI

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

"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and all other purposes, the Company approves and ratifies the grant, for no issue price, of 2,000,000 Options to Gregg Mastroianni or his nominee, each option being exercisable at 10 cents and expiring three years from date of grant and otherwise granted in accordance with the terms and conditions set out in Annexure A to the Explanatory Memorandum forming part of this Notice of Meeting."

> The Company will disregard any votes cast on Resolution 3 by any person who participated in the grant of Options or any person associated with those persons. 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.

RESOLUTION 4:

APPROVAL TO ISSUE SECURITIES PURSUANT TO ESOP

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

"That pursuant to Exception 9 of ASX Listing Rule 7.2 ("Exception 9") shareholders approve the issue of options under the Company's Employee Share Option Plan ("ESOP") on the terms and conditions as set out in the Explanatory Memorandum, as an exception to ASX Listing Rule 7.1."

The Company will disregard votes cast on Resolution 4 by any Director or any person associated with a 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 for to vote as the proxy decides.

OTHER BUSINESS

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

Please note that the defined terms used in Resolutions 1 to 4 have the meanings set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

GLEN BRUNE,
Company Secretary. October 9, 2007

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company, of which this Explanatory Memorandum forms part.

The Directors of the Company recommend Shareholders read this Explanatory Memorandum before determining whether to support the resolutions or otherwise.

EXPLANATORY NOTES ON ORDINARY BUSINESS

ORDINARY BUSINESS – FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the reports of the Directors and of the Auditors and the annual financial report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (Non Binding)

In accordance with the Corporations Act, the Company must put to the vote at the Annual General Meeting, a resolution that the remuneration of the Directors and executives as set out in the Directors' Report be adopted. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report as set out in the Annual Report includes all of the information required by the Corporations Act.

By way of summary, the Remuneration Report:

(a) discusses the Company's policy and the process for determining the remuneration of its executive officers and Directors;

(b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and

(c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2007.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – Dr Anna Kluczewska

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office. Dr Kluczewska retires from office in accordance with this requirement and offers herself for re-election.

RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTOR – Gregg Mastroianni

As announced to the ASX on 12 April 2007, the Company has appointed Mr Gregg Mastroianni as a non-executive director.

The Company has agreed, subject to Shareholder approval, to issue to Mr Mastroianni or his nominee, a total of 2,000,000 Options for no consideration. The Options will have an exercise price of 10 cents and will each expire three years from the date of grant. The 2,000,000 Options will be issued under the CollTech Australia Limited Employee Share Option Plan and in accordance with the terms of the Options set out in Annexure A to this Explanatory Memorandum. Resolution 3 seeks Shareholder approval for the allotment and issue of these Options.

In the event all the Options are exercised by Mr Mastroianni, the amount of $200,000 will be payable to the Company by Mr Mastroianni.

The grant of the Options is designed to encourage Mr Mastroianni to have a greater involvement in the achievement of the Company's objectives and to provide an incentive by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances, it is considered that the incentive to Mr Mastroianni represented by the issue of these Options is a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive such as the payment of additional cash compensation.

The Directors (other than Mr Mastroianni) considered the issue of the 2,000,000 Options to be appropriate remuneration for Mr Mastroianni in light of his skill, experience and reputation and when considered together with his director's fees and other remuneration (as detailed below). The Directors wish to ensure that the remuneration offered to Mr Mastroianni is competitive with market standards. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of Options to be issued will ensure that Mr Mastroianni's overall remuneration is in line with market standards.

Shareholders should note that for the reasons noted above, it is proposed to grant Options to a non-executive director notwithstanding Guideline 8.2 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 2nd Edition which provides that non-executive directors should not receive options.

Related Party Transactions

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

(a) The giving of the financial benefit falls within one of the nominated exceptions to the provision; or

(b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Mr Mastroianni is a related party of the Company.

Resolution 3 provides for the issue of Options to Mr Mastroianni which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 219 of the Corporations Act, the following information is provided to shareholders:

(a) The related party to whom the proposed resolution would permit the financial benefit to be given:
- Mr Gregg Mastroianni is the related party to whom the financial benefit will be given.

(b) The nature of the financial benefit proposed to be given:
- The nature of the financial benefit proposed to be given is the grant of the 2,000,000 Options for no consideration on the terms and conditions set out in Annexure A to this Explanatory Memorandum. Each Option will have an exercise price of 10 cents and will expire three years from date of grant.

(c) Directors' recommendation:
Each of the Directors was available to make a recommendation -
- Mr Mastroianni declined to make a recommendation to Shareholders in respect of Resolution 3 as he has a material personal interest in the outcome of Resolution 3.
- Mr Carter, Dr Kluczewska and Mr Pixley (each of whom do not have an interest in Resolution 3) recommend that the Shareholders approve the issue of the Options under Resolution 3 to Mr Mastroianni for the reasons outlined above.

(d) Other information that is reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 3 that is known to the Company or any of its Directors:

(i) The proposed Resolution would have the effect of giving power to the Directors to grant a total of 2,000,000 Options in the Company to Gregg Mastroianni or his nominee for no issue price on the terms and conditions outlined in Annexure A to this Explanatory Memorandum. All of the Options expire three years from date of grant.

(ii) Subject to the absolute discretion of the Directors and the Listing Rules, if Gregg Mastroianni:

A. has been dismissed or removed from office for a reason which, in the reasonable opinion of the Board, entitles the Company to dismiss the person without notice;

B. has committed, in the reasonable opinion of the Board, an act of fraud, defalcation or gross misconduct in relation to the affairs of the Company (whether or not charged with an offence); or

C. has, in the reasonable opinion of the Board, done an act which brings the Company into disrepute, all Options held, will immediately lapse and all rights in respect of those Options will cease.

(iii) As at 21 September 2007, the issued capital of the Company comprised 167,882,108 Shares and 7,480,000 Unlisted Options (including those Options referred to in Resolution 3). On a fully diluted basis assuming all Options are exercised, if all Options granted to Mr Mastroianni as proposed above are exercised, the effect would be to dilute the share holding of existing Shareholders by 1.14%.

(iv) The Options will not be quoted on ASX and as such have no actual market value. The market price of the Company's Shares during the term of the Options will normally determine whether or not the option holder exercises the Options. At the time any Options are exercised and Shares issued pursuant to the exercise of the Options, the Company's Shares may be trading on ASX at a price, which is higher than the exercise price of the Options.

(v) The Company's advisers have valued the Options using the Binomial option valuation methodology, having considered that it is an appropriate model for pricing the Options. Their assessment of the value of the Options has been prepared on the following assumptions:

Valuation Date	4 September 2007
Share price	4.3 cents
Exercise Price	10.0 cents each
Risk Free Rate (Australian Treasury Bonds)	Approx 6.15%
Volatility	Factor of 100%
Time to expiry	3 years

The valuation also assumes that no dividends will be paid during this period.

The Share price is based on the closing price of CollTech Shares as at 4 September 2007.

The Company’s advisers have valued the Options based on a volatility factor of 100%. They normally review the volatility of a company’s share based on the prior years trading after taking into account such factors as change in management, changes in activities, significant announcements that have caused a re-rating upwards or downwards in a company’s share price and general market conditions. In the case of CollTech, the shares in the 12 months to 4 September 2007 traded in the range of 4.3 cents (September 2007) to 11.5 cents (September 2006) for a volatility of around 167% (from the low). It is noted that the shares in the six months to 4 September 2007 traded in the 4.3 cents to 7.5 cents range for a volatility of around 74%. And over the past three months to 4 September 2007 the shares have traded in the 4.3 cents to 6.3 cents for a volatility of 47%. During the last 16 months leading up to 4 September 2007, CollTech made a number of announcements involving existing technologies with an emphasis on the proposed commercial production and sales of OVICOLL|C. Taking into account the last six months trades, the share price as at 4 September 2007 (in relation to recent trading in May 2007 to 4 September 2007) and general volatilities applying to the small cap biotech companies, we consider a volatility factor of 100% is reasonable.

Normal discounts of between 20% and 50% are applied for non listed status of options. In this case a discount of 20% is considered reasonable.

Based on the above assumptions and comments, the fair value of Options (one Option) after a 20% discount for non negotiability/non listed status is approximately 1.65 cents.

(vi) As at the date of this Notice, Mr Mastroianni and his associates do not have any interests in securities in the Company.

(vii) Mr Mastroianni will be receiving the following additional remuneration for his role as non-executive director, inclusive of compulsory superannuation contributions in accordance with the Superannuation Guarantee legislation but excluding the value of the Options (which value is summarised in paragraph (v) above):

Type of Remuneration	Value in $
Directors Fees	$34,880 p.a.

Other than as detailed above, Mr Mastroianni receives no other remuneration for his role as non-executive director.

(viii) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the last 12 months:

Security	Highest price	Date of highest price	Lowest price	Date of lowest price	Latest price on 9 Oct 2007
Shares	10.0 cents	Oct 2006	4.0 cents	Jan 2007	4.1 cents

(ix) Under the requirements of the Australian Equivalents to IFRS the Company will be expensing the value of these Options in its statement of financial performance for the financial year ended 30 June 2008. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolution 3.

(x) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolution 3.

Listing Rule 10.14

The Options are to be issued pursuant to the CollTech Australia Ltd Employee Share Option Plan ("**ESOP**"). The terms of the ESOP were announced to the ASX on 24 February 2004 and a summary of the terms and conditions of the ESOP is set out at Annexure B.

Listing Rule 10.14 requires shareholders to approve the issue of Options to the Directors pursuant to the ESOP. Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires shareholders to approve the issue of Options to Mr Mastroianni.

Additional Information

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders:

(a) the Options will be granted to Mr Mastroianni, a Director of the Company, or his nominee;

(b) the maximum number of Options to be issued pursuant to Resolution 3 is 2,000,000;

(c) the Options will be issued in accordance with the terms and conditions of the Options set out in Annexure A to this Explanatory Memorandum;

(d) the Options will be granted for no consideration;

(e) no funds will be raised by the grant of the Options;

(f) all Directors, or their permitted nominees, are entitled to participate in the ESOP but for the purposes of Resolution 3 at this time the Company is only seeking to grant Options to Mr Mastroianni;

(g) no Directors, or their permitted nominees, have received any Options under the Plan, since the date shareholder approval was last obtained for the issue of Options to Directors under the Plan; and

(h) the Options will be granted within 1 month of the date this Resolution is made.

RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES PURSUANT TO ESOP

The Company established the ESOP for the purpose of recognising the efforts of, and providing incentive to, employees of the Company. A summary of the terms and conditions of the ESOP is set out at Annexure B.

Listing Rule 7.1 requires a company to obtain the approval of shareholders if it proposes to issue equity securities representing more than 15% of its share capital within a 12 month period. Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1, allowing certain issues of securities to be excluded from the calculation of the number of securities issued in the previous 12 months. Shareholder approval is sought in accordance with Listing Rule 7.2 Exception 9, which would enable options and shares issued under the ESOP over the next three years to be excluded from any such calculations.

On 27 November 2003 shareholders approved the issue of up to 5% of the issued capital of the Company pursuant to the ESOP. The approval lasts three years and has expired and now the Company seeks approval to issue securities under the ESOP as an exception to Listing Rule 7.1 for the next three years.

Exception 9 requires certain information to be included in the Notice of Annual General Meeting as follows:

(a) A summary of the terms of the ESOP is set out at Annexure B.

(b) The number of securities issued under the ESOP since the last approval

Total issued under ESOP since previous approval*	12,455,000
Total lapsed/cancelled	4,975,000
Total Options currently issued	7,480,000

* Of these securities 10,165,000 were issued with additional shareholder approval.

(c) A voting exclusion statement – refer exclusion statement included under Resolution 4.

If approval is not given, Directors may still issue options under the ESOP but any issue will count towards the 15% limit.

While there is much debate concerning the utility of options as a performance enhancing method of remuneration, the Directors are of the view that a properly structured ESOP is an important tool in attracting and retaining key staff. Options allow some flexibility in tax planning for employees, while incentivising performance if appropriate performance hurdles are imposed.

As the Company is expanding, the Directors envisage that more options will be issued in the future. The Directors therefore seek this approval so that options can be issued while leaving Directors the flexibility to issue up to 15% of the issued capital of the Company for other purposes.

OTHER BUSINESS – SCRUTINEER and QUESTIONS and COMMENTS by SHAREHOLDERS at the MEETING

Scrutineer

A representative of CollTech's external auditor, HLB Mann Judd, will act as a scrutineer for any polls that may be required at the meeting.

Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders – as a whole – to ask questions or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders – as a whole – to ask questions to CollTech's external auditor, HLB Mann Judd, relevant to:

(a) the conduct of the audit;

(b) the preparation and contents of the audit report;

(c) the accounting policies adopted by CollTech in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to HLB Mann Judd if the question is relevant to the contents of HLB Mann Judd's audit report or the conduct of its audit of CollTech's financial report for the year ended 30 June 2007.

Written questions for HLB Mann Judd must be received no later than 5pm (WDST) on Friday 16th November 2007. A list of those relevant questions will be made available to Shareholders attending the meeting. HLB Mann Judd will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

Please send any written questions for HLB Mann Judd:

(a) by post to CollTech Australia Ltd, PO Box 1264, West Perth, 6872; or

(b) by facsimile to CollTech on facsimile number (+618) 9426 3909.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

1. Each Option entitles the Option holder to subscribe for one Share.
2. The exercise price for each Option is 10 cents ("**Exercise Price**").
3. The Option holder may exercise the Options at any time from date of grant until 3 years after the date of grant, upon which they will expire ("**Expiry Date**").
4. The Options may be exercised by the Option holder providing the Company with written notice and payment of the Exercise Price for each Option being exercised. The Company must then allot the appropriate number of Shares to the Option holder within 10 Business Days.
5. The Options are not assignable or transferable other than to a company or trust controlled by the Option holder.
6. Any unexercised Option does not entitle the Option holder to any voting rights or the right to participate in rights or bonus issues made by the Company.
7. The Options will not be quoted on the ASX.
8. If there is a bonus issue to holders of Shares ("**Bonus Issue**"), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised prior to the record date for determining entitlements to the Bonus Issue ("**Bonus Shares**"). The Bonus Shares will be paid up out of the profits or reserves of the Company in the same manner as is applied in the Bonus Issue and will, from time to time, rank pari passu with all other Shares on issue.
9. If there is a pro rata issue (other than a Bonus Issue) to holders of Shares during the currency of, and prior to the exercise of, any Options, the exercise price of the Options will be adjusted in the manner provided by the ASX Listing Rules, even if the Company is not admitted to the Official List.
10. If, prior to the expiration of any Options, there is a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, share split, cancellation, reduction or return of capital), the rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules.
11. If at any time the Option holder (or where the Option holder is a nominee, the person entitled to appoint that nominee):
    (a) has been dismissed or removed from office for a reason which, in the reasonable opinion of the Board, entitles the Company to dismiss the person without notice;
    (b) has committed, in the reasonable opinion of the Board, an act of fraud, defalcation or gross misconduct in relation to the affairs of the Company (whether or not charged with an offence); or
    (c) has, in the reasonable opinion of the Board, done an act which brings the Company into disrepute,

    all Options held by the Option holder not vested will immediately lapse and all rights in respect of those Options will cease.
12. The Options are otherwise issued under the terms of the Company's Employee Share Option Plan approved by the Board on 27 November 2003.

ANNEXURE B

SUMMARY OF TERMS AND CONDITIONS OF COLLTECH'S EMPLOYEE SHARE OPTION PLAN ("ESOP")

1. Under the ESOP the Company may offer options to subscribe for shares in the Company to Eligible Persons. Directors and part-time or full-time employees of the Company are 'Eligible Persons' for the purposes of the ESOP. Eligible Persons may nominate a nominee to hold options in their place.
2. The Board may determine that an Eligible Person is entitled to participate in the ESOP and the extent of that entitlement after consideration of specified matters.
3. Options offered under the ESOP are to be offered on such terms the Board determines and the offer must set out specified information including the number of options, the period of the offer and calculation of the exercise price. The exercise price is to be determined by the Board with reference to the market value of the shares at the time of resolving to offer the options. Eligible Persons may accept the whole or a lesser number of the options offered to them.
4. No consideration is payable for the grant of the options unless the Board decides otherwise and the Company will not apply for official quotation of the options.
5. The options are not transferable except to the option holder's personal representative in the event of the death of the holder of the options.
6. The options may be exercised in whole or part by notice to the Company accompanied by payment of the required exercise price. Within 10 business days after the notice the Board must issue the required number of shares, which will rank pari passu with previously issued shares.
7. The options may be exercised prior to the expiry date determined by the Board prior to the offer of the relevant options but no longer than 5 years from the date of grant of the options. Any options not exercised by that time will lapse.
8. Notwithstanding the terms of the options, the options may be exercised in the event of specified occurrences including a change of control allowing replacement of all or a majority of the Board or during the period of a takeover bid for the Company.
9. Unless the Board determines otherwise, if an Eligible Person ceases to be an Eligible Person prior to the earliest date for exercise of their options, for any other reason other than a 'Specified Reason' (being retirement at age 65 or over, permanent disability, redundancy or death), the options held by them or their nominee will automatically lapse. If an Eligible Person ceases to be an Eligible Person prior to the earliest date for exercise of their options because of a Specified Reason, the Board may, in its absolute discretion, waive or vary any conditions of exercise in regard to the options held by that Eligible Person, in which case that Eligible Person or their nominee will have 3 months or such longer period as the Board determines to exercise their options. If an Eligible Person ceases to be an Eligible Person after the earliest date for exercise of their options for any other reason other than a Specified Reason, such Eligible Person or their nominee will have 1 month to exercise their options or such longer period as the Board determines. If an Eligible Person ceases to be an Eligible Person after the earliest date for exercise of their options because of a Specified Reason, such Eligible Person or their nominee is entitled to exercise any such option at any time prior to the expiry date of such option.
10. Option holders may only participate in new issues of securities if an option has been exercised and shares allotted before the record date for determining entitlements to the new issue. If there is a bonus issue the number of shares over which the options are exercisable will be increased by the number of shares the option holder would have received if the option had been exercised before the record date of the bonus issue. If there is a pro rata issue (other than a bonus issue), the exercise price of the options will be adjusted in the manner provided for in the Listing Rules. If there is a reorganisation of capital the options will be reorganised in the manner provided for in the Listing Rules.

11. The Company shall not offer or issue options under the ESOP if the total number of shares the subject of the options to be offered, when aggregated with:
    (a) The number of shares which would be issued if each outstanding offer or option, being an offer made or option acquired pursuant to the ESOP or any other employee share scheme extended only to employees or Directors of the company, were accepted or exercised; and
    (b) The number of shares issued during the previous 5 years pursuant to the ESOP or any other employee share scheme extended only to employees or Directors of the Company

    but disregarding any offer made, option acquired or share issued by way of or as a result of:
    (c) an offer under the ESOP to a person situated outside Australia; or an offer under the ESOP that did not need disclosure to investors because of section 708 of the Corporations Act; or
    (d) an offer made under a disclosure document.

    would exceed 5% of the total number of issued shares of that class.
12. The rules of the ESOP do not form part of any contract of employment of the option holder and the holder has no rights of compensation or damages as a result of termination of his or her employment so far as those rights arise from the holder ceasing to have rights under the ESOP.
13. The ESOP is administered by the Board who have the power to determine procedures for administration of the ESOP and resolve questions of fact or interpretation of the ESOP. The Board may also alter, delete or add to the rules of the ESOP at any time, subject to the Listing Rules.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

TERM	DEFINITION
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange Limited ACN 008 624 691.
Board	The Board of Directors of the Company.
Company or CollTech	CollTech Australia Limited ABN 24 094 515 992.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
$	Australian dollars unless otherwise stated.
Eligible Shareholders	All Shareholders of the Company who are registered as holding Shares on the 19th November 2007 @ 12:00 noon (WDST).
Employee	An employee of the Company.
Listing Rules	The Listing Rules of ASX.
Notice	The Notice of Meeting accompanying this Explanatory Memorandum.
Option	An option to acquire a Share.
Share	A fully paid ordinary share in the capital of the Company.
WDST	Australian Western Daylight Standard Time.

PROXY FORM

The Company Secretary
CollTech Australia Limited
PO Box 1264
WEST PERTH WA 6872
Facsimile: (08) 9426 3909

Your details

I/We (name of Shareholder) …………………………………………………………………………………………….

of (address) …….

Appointment of proxy

I/WE being a member/members of CollTech Australia 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 security holder) 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 the Company to be held on Wednesday, 21 November 2007 at 12 noon WDST and at any adjournment of the meeting.

Voting directions to your proxy – X please mark to indicate your directions

		For	Against	Abstain*
Resolution 1	To adopt remuneration report	☐	☐	☐
Resolution 2	Re-election of Dr Anna Kluczewska as a Director	☐	☐	☐
Resolution 3	Issue of options – Mr Gregg Mastroianni	☐	☐	☐
Resolution 4	Approval to issue securities pursuant to ESOP	☐	☐	☐

* 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.

The Chairperson intends to vote any undirected proxies in favour of the Resolutions.

Appointing a second proxy

I/We wish to appoint a second proxy

☐	Mark with an 'X' if you wish to appoint a second proxy	**AND**	%	**OR**	☐	State the percentage of your voting rights or the number of securities for this Proxy Form

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

Individual or Securityholder	Securityholder 2	Securityholder 3
Sole Director	Director	Director/Company Secretary

Further information

Shareholders should direct their enquiries to the Company Secretary of the Company on (08) 9426 3900 or email at **proxy@colltech.com.au**

By order of the Board

GLEN BRUNE
Company Secretary

October 9, 2007

INSTRUCTIONS FOR APPOINTMENT OF PROXY

Your details
Please insert your name and address in full.

Appointment of a proxy
If you wish to appoint the Chairman of the meeting as your proxy, mark the box on the left. 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. 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 company or the registered securityholder in the space.

Voting directions to your proxy
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 they choose. If you mark more than one box on an item, your vote on that item will be invalid unless the marks are a number or percentage of shares. If you attempt to vote in excess of your shareholding on the share register, whether by one proxy or two, your vote will be invalid.

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 Secretary or you may copy this form.

To appoint a second proxy you must
(a) Indicate that you wish to appoint a second proxy by marking the box.
(b) 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 (together being no more than 100% of your total shareholding). 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.
(c) Return both forms together.

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 a power of attorney, you must lodge (or have previously lodged) this document with the registry. If you have not previously lodged this document for notation, please attach a certificated 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) 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 of a Company Secretary. Please indicate the office held by signing in the appropriate place.

Voting entitlement
This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address above no later than 12.00 noon (WDST) on Monday 19 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.