



ASX Announcement (341)  
9 October 2009

Announcements Officer  
Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

**VIRAX HOLDINGS LIMITED  
CONVERTIBLE NOTEHOLDERS (ASX Code - VHLG)  
NOTICE OF NOTEHOLDER GENERAL MEETING**

In accordance with Listing Rule 3.17, please find attached copies of the Notice of Meeting, Explanatory Memorandum, Proxy Form and Information Memorandum for the Noteholder General Meeting to be held on Friday 6 November 2009 at Quest Beaumont Kew, 7 Studley Park Road, Kew at 2.00 pm which were despatched to Noteholders.

This meeting will be followed by the company's Annual General Meeting.

The above mentioned documents will be made available on Virax's website [www.virax.com.au](http://www.virax.com.au).

Yours sincerely,

John Morrison  
Company Secretary

# Virax Holdings Limited

ACN 006 569 106  
Registered Office: Suite 220, 89 High Street, Kew, Vic, 3101  
(03) 9854 6230



## Notice of Meeting of Noteholders

A General Meeting of Noteholders of Virax Holdings Limited (**Company**) will be held

at: **2.00 P.M.**  
on: **Friday, 6 November 2009**  
at: **Quest Beaumont Kew**  
7 Studley Park Rd  
Kew Vic 3101  
(The Quest Beaumont Kew is about 100 metres  
west of the Kew Junction– Melways Ref Map 45 B6)

The business of the Meeting will be as follows:

### 1. Resolution – Amendment to the Conditions of Issue of Convertible Notes

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

*“That, for the purposes of clause 43.4 of the Convertible Note Trust Deed dated 17 December 2007 between Australian Executor Trustees Limited (**Trustee**) and the Company (**Trust Deed**), the following amendments to the Conditions of Issue of the Convertible Notes set out in the Annexures to the Trust Deed are sanctioned and the Trustee is authorised to concur in and execute a supplemental deed embodying such amendments.:*

- (1) *extend the Conversion Period to 31 December 2011;*
- (2) *extend the date on which the Company is required to pay the Redemption Price to 31 December 2011;*
- (3) *increase the Redemption Price from \$0.12 per Convertible Note to \$0.14 per Convertible Note;*
- (4) *amend the conversion rights of Noteholders in condition 6.3 to provide that Noteholders who convert all or part of their holding of Convertible Notes on or before 18 December 2009 will be entitled to:*
  - (a) *if the VWASP for the 30 days up to and including the date of a valid Conversion Notice is equal to or greater than 6 cents, 5 ordinary shares for every 2 Convertible Notes converted; or*
  - (b) *if the VWASP for the 30 days up to and including the date of a valid Conversion Notice is less than 6 cents, a number of shares equal to 15 cents/VWASP, rounded up, per Convertible Note; and*
- (5) *make any other changes necessary to give effect to the amendments outlined above.”*

### 2. Other Business

To deal with any other business that may be brought forward in accordance with the Trust Deed.

### Information Memorandum

Information concerning these amendments is included in the Explanatory Memorandum accompanying this Notice of Meeting. The Information Memorandum forms part of this Notice of Meeting and should be read in conjunction with it.

**By order of the Board,**

A handwritten signature in black ink, appearing to read "John Morrison".

**John Morrison**  
Company Secretary  
Melbourne: 2 October 2009

## INFORMATION REGARDING PROXIES AND VOTING

### Appointing a proxy

- A Noteholder of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy.
- A proxy need not be a Noteholder or Shareholder of the Company. A Noteholder can appoint an individual or body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with Section 250D of the *Corporations Act 2001* (Cth) to exercise its power as proxy at the meeting.
- A Noteholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Noteholder appoints 2 proxies and the appointment does not specify the proportion or number of the Noteholder's votes each proxy may exercise, then each proxy may exercise one half of the Noteholder's votes (disregarding fractions).
- A proxy form must be signed by the Noteholder or his or her attorney. In the case of companies, which are Noteholders, the proxy form may be signed by 2 directors, or a director and a company secretary, or where the company has a sole director, who is also the sole company secretary, by that director.
- If a Noteholder leaves the proxy form blank as to the person primarily appointed as proxy or marks the box provided on the proxy form or if the person named as proxy fails to attend, the Chairman of the meeting is appointed as proxy. The Chairman intends to vote all undirected proxies in favour of each resolution.
- It is permissible to forward your proxy form by facsimile.
- A proxy appointment form is enclosed with this Notice of Meeting. To be valid, the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be lodged with the Company, or received by fax, at least 48 hours before the time of the meeting, i.e. by **2.00pm, Wednesday 4 November 2009** at the following address:

**Virax Holdings Limited**  
Suite 220, 89 High Street  
Kew Vic 3101  
Fax: (03) 9853 5134

### Specified Time for Determining Attendance and Voting Entitlements

The Company has determined, that for the purpose of voting at the Noteholder General Meeting, Notes will be taken to be held by those persons who are registered as Noteholders in the Company's Register of Members at 7pm (Melbourne time), 4 November 2009.

### Voting on a Show of Hands and Votes Per Note

On a show of hands, each person present as a Noteholder, proxy, attorney or representative has one vote and, where a resolution is to be decided by a poll, each Noteholder is entitled to one vote for each Convertible Note held.

### Appointment of a Representative by a Body Corporate Noteholder

A body corporate Noteholder may, in accordance with the *Corporations Act 2001*, appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of Noteholders of the Company. The appointment may be for this specific meeting or as a standing appointment. Unless otherwise specified in the appointment, the representative may exercise, on behalf of the body-corporate, all of the powers that the body could exercise at a meeting or in voting on a resolution. A form of appointment may be obtained from the Company's Share Registry or at [www.computershare.com](http://www.computershare.com)



**Virax Holdings Limited**  
 ABN 56 006 569 106

MR JOHN SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

21PR, not online

**Lodge your vote:**

**By Mail:**  
 Virax Holdings Limited  
 Suite 220,  
 89 High Street,  
 Kew Victoria 3101

Alternatively you can fax your form to  
 +61 3 9853 5134

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 (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
 (within Australia) 1300 850 505  
 (outside Australia) +61 3 9415 4000

**Proxy Form**

**For your vote to be effective it must be received by 2:00pm Wednesday 04 November 2009**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, 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 sign in the appropriate place to indicate the office held.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**

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	View your securityholder information, 24 hours a day, 7 days a week: <b><a href="http://www.investorcentre.com">www.investorcentre.com</a></b>
<input checked="" type="checkbox"/> Review your securityholding <input checked="" type="checkbox"/> Update your securityholding	<b>Your secure access information is:</b> SRN/HIN: <a href="#">I1234567890</a>
<b>PLEASE NOTE:</b> For security reasons it is important that you keep your SRN/HIN confidential.	

MR JOHN SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 1234567890

I N D

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a noteholder/s of Virax Holdings Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 General Meeting of Virax Holdings Limited to be held at Quest Beaumont Kew, 7 Studley Park Rd, Kew Victoria on Friday, 06 November at 2:00pm and at any adjournment of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Item 1 Amendment to the Conditions of Issue of Convertible Notes

For  Against  Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_



**virax**

**Virax Holdings Limited**

ACN 006 569 106

# **INFORMATION MEMORANDUM**

**CONVERTIBLE NOTEHOLDER GENERAL MEETING**

**FRIDAY, 6 NOVEMBER 2009**

**2.00 pm at**

**Quest Beaumont Kew, 7 Studley Park Road, Kew, Victoria**

**PROPOSAL TO AMEND THE CONDITIONS OF ISSUE OF CONVERTIBLE NOTES**

**IMPORTANT**

This document is important and requires your immediate attention. You should read this Information Memorandum carefully in full and consult your stockbroker, solicitor, accountant or other financial adviser if you are in doubt as to how to deal with it.  
Any investment in Virax should be considered speculative.

## Contents

1.	LETTER FROM THE CHAIRMAN.....	3
2.	CONVERTIBLE NOTE TRUST DEED AND MEETINGS OF NOTEHOLDERS .....	4
3.	DETAILS OF THE PROPOSED RESOLUTION .....	5
4.	WORKING CAPITAL AND GOING CONCERN .....	7
5.	ADDITIONAL INFORMATION .....	8
6.	DIRECTORS' AUTHORISATION.....	9
7.	GLOSSARY .....	10
8.	CORPORATE DIRECTORY.....	11
SCHEDULE 1	SUMMARY OF TERMS OF ISSUE OF CONVERTIBLE NOTES.....	12

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## 1. Letter from the Chairman

2 October 2009

Dear Noteholder,

On behalf of the Board, I invite you to a General Meeting of Noteholders of Virax Holdings Limited (**Virax** or the **Company**).

The meeting will be held at 2.00pm on Friday, 6 November 2009 at the Quest Beaumont Kew, 7 Studley Park Road, Kew.

The purpose of the meeting is for Noteholders to consider and vote on a proposal to amend the terms of the Company's Convertible Notes. The principle reason for the proposed amendments is to defer the Company's impending repayment obligation under the Notes.

When the Convertible Notes were issued in early 2008, the Board was confident that the Company would have received appropriate milestone payments under the Transgene Co-X-Gene™ sub-licence before the current maturity date for the Convertible Notes, which is 31 December 2009. Unfortunately, developments by Transgene S.A. of programs that utilise Co-X-Gene™ through partnering arrangements have not eventuated in accordance with Transgene's published timelines. Accordingly, the timing and amount of any milestone payment to be received by the Company from Transgene under the Transgene Co-X-Gene™ sub-licence is uncertain and dependent upon Transgene concluding partnering transactions in respect of their programs. Whilst it is anticipated that the Company will receive milestone payments under the Transgene Co-X-Gene™ sub-licence during the proposed extended period of the Convertible Notes, the Company may not be in a position to repay the amount due on the Notes by 31 December 2009.

In addition to accommodating the uncertainty surrounding milestone payments under the Transgene Co-X-Gene™ sub-licence, extending the redemption date of the Convertible Notes will allow the Company's resources to be better applied towards achieving further developments with the South African clinical trials of VIR201.

The Directors are also keen to encourage Noteholders to convert their holdings into fully paid ordinary shares in the Company, and therefore simultaneously propose to provide Noteholders with the opportunity to obtain a special 25% conversion bonus if they elect to convert their Notes into ordinary shares in the Company prior to 18 December 2009.

The Directors encourage Noteholders to support the proposed amendments to the Company's Convertible Notes and invite all Noteholders to take advantage of the limited 25% conversion bonus that will be available prior to 18 December 2009 if the amendments are approved.

The Directors strongly recommend that you carefully read the accompanying Information Memorandum in relation to the proposal.

Yours sincerely



**Michael J Humphris**  
**Chairman**  
**Virax Holdings Limited**

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## **2. Convertible Note Trust Deed and Meetings of Noteholders**

### **2.1 Trust Deed**

The Convertible Notes are governed by a Convertible Note Trust Deed dated 17 December 2007 between the Company and the Trustee. A copy of the Trust Deed is available for inspection at the Company's registered office.

### **2.2 Terms of Issue**

The terms of issue of the Convertible Notes are set out in the Annexures to the Trust Deed. A summary of these terms are set out in Schedule 1 to this Information Memorandum.

### **2.3 Amendment to Conditions of Issue of Convertible Notes**

Clause 43.4 of the Trust Deed provides that a meeting of Noteholders has the power by ordinary resolution to sanction any amendments to the Trust Deed proposed by the Company, and to authorise the Trustee to concur in an execute any Supplemental Deed embodying such amendment.

### **2.4 Meeting of Noteholders**

Clause 39.3 of the Trust Deed provides that the Trustee or the Company may at any time convene a meeting of Noteholders. At least 10 Business Days' prior written notice must be given to Noteholders specifying the place, day and hour of the meeting and the general nature of the business to be considered.

### **2.5 Passing of Noteholders Resolutions**

Clause 40.2 of the Trust Deed provides that a resolution is duly passed as an ordinary resolution if it is approved at a meeting of Noteholders by being carried by a simple majority of the votes cast by the Noteholders present in person or by proxy or attorney.

A resolution passed at a meeting of Noteholders duly convened and held is binding on all the Noteholders.

### **2.6 Trustee**

The Trustee is not obliged to consider the merits, or otherwise, of the proposed amendments to the Trust Deed and has not done so. Accordingly, the Trustee makes no recommendation as to whether or not Noteholders should vote on the resolution, or how they should vote.

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### **3. Details of the Proposed Resolution**

#### **3.1 Summary of the Proposed Resolution**

The substance of the resolution set out in the Notice of General Meeting is to provide approval for the Company and the Trustee, by supplemental deed to the Trust Deed, to amend the Conditions of Issue of the Convertible Notes by:

- extending the Redemption Date and Conversion Period of the Convertible Notes to 31 December 2011;
- providing a short term incentive for Noteholders to convert their Notes into Shares by amending the current conversion ratio; and
- proportionately increasing the Redemption Price so that on the extended Redemption Date of 31 December 2011 holders of Convertible Notes will be paid the value of their Notes plus a redemption premium of 40%, a total of 14 cents per Convertible Note.

Under the proposed short term incentive, Noteholders will be given the opportunity to convert their Notes into Shares on the basis of 2 Notes converting into 5 Shares. However, if the VWASP of Shares traded for the 30 days up to and including the date of a valid Conversion Notice is less than 6 cents, Noteholders will be entitled to receive a number of shares equal to 15 cents/VWASP, rounded up, per Convertible Note. This mechanism has been proposed to protect the incentive against adverse share price changes. The short term incentive is proposed to be available until 18 December 2009.

#### **3.2 Advantages of the Proposed Resolution**

##### **(1) Extension to Redemption Date**

The principle reason for the proposed amendments to the terms of the Company's Convertible Notes is to defer the impending repayment obligation that the notes currently impose on the Company.

The proposed extension will provide sufficient time for those Noteholders that do not elect to convert their Notes into ordinary shares to be repaid through either:

- milestone receipts under the Transgene Sub-Licence;
- the sale of the Transgene Sub-licence;
- the sale of VIR201; or
- a future participation in a distribution in specie of the assets of the Company.

##### **(2) Short Term Incentive – 25% Bonus**

The short term incentive will provide Noteholders with a limited opportunity to obtain a minimum 25% conversion bonus if they elect to convert their Notes into ordinary shares in the Company prior to 18 December 2009. This conversion bonus could exceed 25% if the Company's share price exceeds 6 cents per Share.

It is anticipated that the short term incentive will also aid in reducing the Company's balance sheet debt by encouraging Noteholders to convert their Notes into Shares.

##### **(3) Increase in Redemption Price**

Noteholders who hold their Notes until the extended Redemption Date will receive a proportional increase in the Redemption Price of each Note equivalent to approximately 10% per annum on the original face value of the Note.

### 3.3 **Disadvantages of the Proposed Resolution**

The proposed amendments will result in an extension of the Company's obligation to redeem Convertible Notes from 31 December 2009 to 31 December 2011. Accordingly, Noteholders will not receive their anticipated 12 cent per Note payment on 31 December 2009.

In exchange for the extension of its obligation to redeem Convertible Notes, the Company supports the proposed increase in the redemption price from 12 cents per Note to 14 cents per Note. The 14 cent Redemption Price will be paid in respect of each Note on issue on 31 December 2011.

### 3.4 **Other Amendments**

No other changes to the Conditions of Issue or the Trust Deed are proposed. Accordingly, the Convertible Notes will continue to be unsecured and the rights of Noteholders as debtors of the Company will rank pari pasu with other unsecured creditors of the Company. Upon conversion, the Shares issued to Noteholders will rank equally with existing Shares on issue.

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#### 4. Working Capital and Going Concern

As is common with most small biotechnology companies engaged in the development of emerging technology, the management of the capital of the Company is focused on maintaining the entity as a going concern whilst maintaining optimal returns for shareholders and other stakeholders.

The Company's Annual Report for June 2009 was prepared on a going concern basis, which took into account the Company's assets and liabilities and assumes that future funding will be obtained from either:

- the receipt of milestone payments pursuant to the Co-X-Gene™ sub-licence with Transgene; or
- further capital raising.

A copy of the Company's Annual Report is available on the Company's website ([www.virax.com.au](http://www.virax.com.au)) or by contacting the Company's registered office on (03) 9854 6230.

The Company's recent working capital positions were:

	<b>Cash Balances</b>	<b>Payable Obligations*</b>
30 June 2009	\$1,070,630	\$153,615
30 September 2009	\$856,579	\$116,372

*\* The payable obligations exclude the Convertible Notes and deferred remuneration of Directors and two senior executives.*

As at 30 June 2009 the working capital costs of the Company are being maintained at an average of approximately \$125,000 per month. The cash payment of Directors' fees and 25% of the remuneration of two senior executives has been deferred until receipt of the next milestone payment under the Co-X-Gene™ sub-licence with Transgene.

Although Transgene receipts in relation to the Co-X-Gene™ sub-licence is anticipated in the near future, the timings of such payments are uncertain as they depend upon transactional partnering developments by Transgene.

The Directors are closely monitoring the Company's cash flows, future commitments (including the redemption of the Convertible Notes) and future capital raising requirements. The proposed amendments to the Conditions of Issue of the Convertible Notes are a result of this monitoring.

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## **5. Additional Information**

### **5.1 Capital Structure**

As at the date of this Information Memorandum, Virax had 130,602,316 Shares and 13,672,928 Convertible Notes on issue. The Company also had 13,474,664 listed options (ASX:VHLOB) and 2,713,833 unlisted options on issue.

Full details of the capital structure of the Company is contained in the Company's 2009 Annual Report.

### **5.2 Market prices of Shares**

The lowest and highest market sale prices of Shares on the ASX during the 3 months immediately preceding this Information Memorandum, and the respective dates of those sales, were:

- Highest Price was 12 cents on 14 August 2009
- Lowest Price was 3.2 cents on 15 July 2009

The last sale price for Shares on the ASX on 1 October 2009, being the day prior to the date of this Information Memorandum was 7.4 cents.

### **5.3 Additional Documentation**

The following documents are available for inspection without charge during normal business hours at the registered office of the Company:

- Trust Deed;
- Constitution; and
- any ASX announcement made by Virax from 30 June 2009 up to the date of this Information Memorandum.

Please contact the Company on (03) 9854 6230 to arrange an inspection time if required.

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## 6. Directors' Authorisation

Signed for and on behalf of the Directors of Virax on 2 October 2009.

A handwritten signature in black ink, appearing to read 'Michael J. Humphris', written in a cursive style.

**Mr Michael J Humphris**  
**Chairman**

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## 7. Glossary

<b>ASX</b>	ASX Limited trading as Australian Securities Exchange
<b>ASX Listing Rules</b>	The official listing rules of ASX
<b>Board</b>	means the board of Directors of the Company
<b>Business Day</b>	A trading day in accordance with ASX Listing Rules
<b>Company or Virax</b>	Virax Holdings Limited ACN 006 569 106
<b>Conditions of Issue</b>	The conditions of issue of the Convertible Notes set out in the Annexures to the Trust Deed
<b>Constitution</b>	The constitution of Virax as amended from time to time
<b>Conversion Period</b>	The period during which the Noteholders are entitled to convert their Notes into Shares, as set out in the Conditions of Issue
<b>Conversion Notice</b>	A notice issued by a Noteholder to the Company during the Conversion Period requiring the Company to convert their Notes into Shares
<b>Convertible Note(s) or Note(s)</b>	A Convertible Note issued pursuant to the terms of the Trust Deed
<b>Directors</b>	The directors of the Company
<b>Noteholder</b>	A person who holds Convertible Notes
<b>Redemption Date</b>	Date on which the Company is obliged to pay to Noteholders the Redemption Price, as set out in the Conditions of Issue
<b>Redemption Price</b>	The price at which the Company must redeem the Convertible Notes, as set out in the Conditions of Issue
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	A shareholder in the Company
<b>Transgene</b>	Transgene S.A., a French company listed on the Paris Bourse
<b>Trust Deed</b>	Convertible Note Trust Deed dated 17 December 2007 between the Company and the Trustee
<b>Trustee</b>	Australian Executor Trustees Limited ACN 007 869 794
<b>VWASP</b>	Volume weighted average share price (as notified by ASX to the Company)

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## 8. Corporate Directory

### Current Directors of Virax

Mr Michael Humphris – Chairman and Non-executive Director  
Mr Ian Pyman – Non-executive Director  
Dr Albert Ting – Non-executive Director

### Company Secretary

Mr John Morrison

### Registered Office

Suite 220,  
Kew Junction Tower  
89 High Street,  
KEW VIC 3101  
Telephone: (03) 9854 6230  
Facsimile: (03) 9853 5134  
[www.virax.com.au](http://www.virax.com.au)

### Solicitors

Deacons  
RACV Tower  
485 Bourke Street  
MELBOURNE VIC 3000  
Telephone: (03) 8686 6000  
Facsimile: (03) 8686 6505  
[www.deacons.com.au](http://www.deacons.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 52 Melbourne  
Victoria 8060 Australia  
Telephone:  
(within Australia) 1300 132 535  
(Outside Australia) 61 3 9415 4093

### Trustee

Australian Executor Trustees limited  
Level 22  
207 Kent Street  
Sydney NSW 2000  
Telephone (02) 9028 5900  
[www.aetlimited.com.au](http://www.aetlimited.com.au)

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## Schedule 1 Summary of Terms of Issue of Convertible Notes

<b>Issue price</b>	\$0.10 per Convertible Note
<b>Number of Notes Currently on Issue</b>	13,672,928
<b>Current Redemption Date</b>	31 December 2009
<b>Projected Redemption Amount</b>	\$1,640,751.36
<b>Trustee</b>	Australian Executor Trustees Limited ACN 007 869 794
<b>Interest (coupon)</b>	No interest is payable on Convertible Notes
<b>Noteholder Conversion Rights</b>	Noteholders may convert all or part of their holding of Convertible Notes into Shares on the basis of 1 Note for 2 Shares on or at any time between 1 January 2009 to 31 December 2009 or following receipt of a Company Redemption Notice
<b>Company Conversion Rights</b>	The Company has no right to convert or require Noteholders to convert Convertible Notes
<b>Noteholder Redemption Rights</b>	Noteholders may redeem Convertible Notes prior to 31 December 2009 on the occurrence of an Event of Default but not otherwise
<b>Company Redemption Rights</b>	The Company may redeem the Convertible Notes at a premium to face value of 20% (12 cents per Convertible Note) on or at any time provided it first gives Noteholders 30 days written notice (Company Redemption Notice) of its intention to do so. Noteholders have the right to convert their Convertible Notes by giving the Company a Conversion Notice during this period of 30 days
<b>Security</b>	Convertible Notes are unsecured
<b>No voting rights</b>	Noteholders have no right to vote at general meetings of Virax