

PREMIER BIONICS

LIMITED

ABN 67 099 084 143

**NOTICE OF EXTRAORDINARY GENERAL MEETING
&
INFORMATION MEMORANDUM**

TO BE HELD ON

Friday 12th January 2006

TO BE HELD AT

At Suite 2, 1233 High Street, Armadale, Victoria

AT:

10.00 AM

This Information Memorandum is dated 12th December 2006 and is provided to Members of Premier Bionics Limited ABN 67 099 084 143 ("PBI" or "the Company") to be considered in connection with an Extraordinary General Meeting of the Company

INFORMATION MEMORANDUM

1. INTRODUCTION

This Memorandum provides information about Resolutions proposed by the Directors of Premier Bionics Limited ABN 67 099 084 143 ("PBI" or "the Company") in the attached Notice of Extraordinary General Meeting.

Members will be asked to consider ordinary resolutions approving:

1. the prior issue of PBI Shares to Consultants, not issued under the Executive and Consultants Share Plan; and
2. the issue of up to 20,000,000 PBI Shares and up to 10,000,000 New PBI Options to Patersons Securities Limited and/or their nominees.

2. THE RESOLUTIONS

Resolution 1: Approval of prior PBI Share Issues to Consultants

Resolution 1 is proposed to obtain shareholder approval for the following prior issues of securities to consultants of the Company:

- 41,250 PBI Shares that were issued to Devine Consulting Group Pty Ltd on 3rd November 2006 and announced to the ASX on that date, having a deemed issue price of \$0.20;
- 41,250 PBI Shares that were issued to Atrico Pty Ltd on 3rd November 2006 and announced to the ASX on that date, having a deemed issue price of \$0.20;
- 41,250 PBI Shares that were issued to Devine Consulting Group Pty Ltd on 8th December 2006 and announced to the ASX on that date, having a deemed issue price of \$0.20; and
- 41,250 PBI Shares that were issued to Atrico Pty Ltd on 8th December 2006 and announced to the ASX on that date having a deemed issue price of \$0.20.

The PBI Shares the subject of Resolution 1 were issued on the same terms as existing PBI Shares.

The securities that are the subject of Resolution 1 were issued to discharge the Company's obligation to pay consulting fees. Accordingly, no funds were raised by the issues.

The securities the subject of Resolution 1 were not issued under the Company's Executive and Consultants Share Plan.

Under ASX Listing Rule 7.4 an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if shareholder approval is subsequently obtained. Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital in any 12 month period without the approval of its shareholders.

By obtaining Shareholder approval for the issue of the PBI Shares, PBI retains the ability to issue up to fifteen per cent (15%) of its capital to take advantage of any future capital raising opportunities.

Resolution 2: Approval to issue up to 20,000,000 PBI Shares and up to 10,000,000 New PBI Options to the Underwriters

The Company has secured an Underwriting Agreement ("the Agreement") with Patersons Securities Limited and/or their nominees ("the Underwriter") to underwrite the placement of up to 20,000,000 PBI Shares at an issue price of \$0.20 per PBI Share. The maximum number of PBI Shares to be issued to the Underwriter pursuant to the Agreement will reduce by one PBI Share for each PBIO Option that is exercised pursuant to its terms prior to 24 December 2006, this being the date upon which the PBIO Options expire.

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of the Company to enlarge its capital by the issue of equity securities. ASX Listing Rule 7.1 provides generally that a company may not issue securities equal to more than 15% of the Company's issued capital in any 12 months without obtaining shareholder approval. ASX Listing Rule 7.3 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of securities in the Company on the following terms:

- a) The maximum number of Shares to be issued is 20,000,000;
- b) The securities will be issued no later than 3 months after the date of Shareholder approval;
- c) The Shares will be issued at 20 cents per share; and
- d) The terms of the securities to be issued are as follows:
 - i. The Shares to be issued (if any) are fully paid ordinary shares on the same terms as existing fully paid ordinary shares in the Company (ASX: PBI).

The Agreement will result in a cash inflow of funds to the Company in the amount of up to \$4,000,000 before costs. The funds will be used to provide working capital for the Company as it continues to fund the expansion of the existing business together with capital to fund the roll-out of the next phase of Medic Vision's business plan, including the development of Medic Vision's skills training centres.

In part payment for their underwriting services, the Underwriter will be issued with a new class of PBI Options ("New PBI Options"). The Underwriter will receive one New PBI Option for every two PBI Shares placed.

The Options will be granted to the Underwriter under the following terms and conditions:

- a) The maximum number of Options to be issued is 10,000,000;
- b) The securities will be issued no later than 3 months after the date of Shareholder approval;
- c) The intended use of funds raised upon exercise of the options (up to \$2,000,000 before costs) will be determined at the time in accordance with investment and operating environment at the time;
- d) Each Option entitles the holder to one fully paid ordinary share;
- e) The Options are exercisable at any time prior to 5:00pm Eastern Standard Time on 17 January 2012 (the Expiry Date) by completing the Option Exercise Form together with payment for the number of Shares in respect of which the Options are exercised and delivering to the registered office of the Company;
- f) The exercise price of the Options is \$0.20 per Share;
- g) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Options are freely transferable;
- h) All fully paid ordinary shares issued upon exercise of Options will rank pari passu in any respect with the Company's then issued fully paid ordinary shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of Options;
- i) There are no participating rights and entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising their Options. However, the Company will

- ensure that Option holders will be allowed ten (10) business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as ordinary Shareholders; and
- j) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules applying at the time of the reconstruction.

The Underwriter may receive a maximum of up to 10,000,000 New PBI Options under the Agreement. However, a lesser number may ultimately be issued on the basis that at least some of the PBIO Options may be exercised pursuant to their terms, resulting in fewer PBI Shares being issued to the Underwriter pursuant to the Agreement.

In addition to the New PBI Options to be issued, the Underwriter will also receive a fee in the amount of \$240,000 which is equal to 6% of the amount underwritten pursuant to the Agreement.

3. CAPITAL STRUCTURE

The following table illustrates the existing and proposed changes to the Company's capital structure if the Resolutions are approved (subject to the notations).

ISSUED CAPITAL

Ordinary Shares

Shares	Number of Securities
Existing PBI Shares	70,719,530
Maximum number of Shares to be issued in accordance with Resolution 2	^A 20,000,000
Maximum remaining PBIO Options to be exercised	22,355,412
Maximum Total Ordinary Shares	^A113,074,942

^A Refer to Resolution 2

Options

Options	Number of Securities
Existing PBIO Options expiring 24 December 2006	42,355,412
Existing Unlisted PBI AK Options expiring 24 December 2006	425,000
Existing Unlisted Options expiring on various dates	2,500,000
Sub-Total	45,280,412
PBIO Options expiring 24 December 2006	(42,355,412)
Unlisted PBI AK Options expiring 24 December 2006	(425,000)
Maximum number of New PBI Options to be issued to the Underwriter pursuant to Resolution 2	10,000,000
Total Options	12,500,000

4. **ACTION TO BE TAKEN**

Shareholders are requested to either attend personally at the forthcoming meeting to be held at Suite 2, 1233 High Street, Armadale, Victoria at 10.00am on 12th January 2007 or otherwise to forward their proxy form duly completed to be received at the registered office of the Company at Suite 2, 1233 High Street, Armadale, Victoria (or by facsimile to (03) 9824 8161) at least forty-eight (48) hours before the time for holding the meeting.

5. **GLOSSARY**

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means Australian Stock Exchange Ltd.

“ASX Listing Rules” means the listing rules of the ASX from time to time.

“Company” means Premier Bionics Limited ABN 67 099 084 143.

“Directors” means (unless the context suggests otherwise) the directors of PBI from time to time.

“Executive and Consultants Share Plan” means the Executive and Consultants Share Plan adopted by the company on 26 November 2004.

“Medic Vision” means Medic Vision Pty Ltd (ABN: 87 090 992 322) being the wholly owned subsidiary of Premier Bionics Limited.

“Meeting” means the Extraordinary General Meeting of PBI at which the Resolutions will be considered.

“Memorandum” means this Information Memorandum.

“New PBI Options” means the new class PBI Options to be issued to the Underwriters, Patersons Securities Limited and/or their Nominees. The new class of Options will be exercisable at \$0.20 on or before 17th January 2012.

“PBI” means the Company or Premier Bionics Limited ABN 67 099 084 143.

“PBI Options” means an option to purchase a fully paid ordinary share in the capital of PBI exercisable at twenty cents (\$0.20) on or before 24 December 2006 and subject to the same terms as the class of securities quoted on the ASX as PBIO.

“PBI Share” means an ordinary fully paid share in the capital of PBI.

“Resolutions” means the resolutions put forward in the Company's Notice of Extraordinary General Meeting dated 11th December 2006, of which this Information Memorandum forms part.

“Underwriter” means Patersons Securities Limited and/or their nominees

PREMIER BIONICS LIMITED

ABN: 67 099 084 143

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Premier Bionics Limited [ABN 67 099 084 143] ("the Company") will be held at Suite 2, 1233 High Street, Armadale, Victoria on 12th January 2007 at 10:00 am. This Notice of Meeting should be read in conjunction with the Information Memorandum which accompanies and forms part of the Notice of Meeting.

PROPOSED RESOLUTIONS

Resolution 1: Approval of prior PBI Share issues to Consultants

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

"THAT, Members approve the prior issue of 165,000 PBI Shares to Consultants as described in the Memorandum which accompanied and formed part of the Notice of Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 1 by:

- *persons who participated in the issue; or*
- *an associate of those persons.*

However, the Company need not disregard a vote on Resolution 1 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;*
- *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 2: Approval to issue up to 20,000,000 PBI Shares and up to 10,000,000 New PBI Options to the Underwriter

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

"THAT the members approve the issue, to the Underwriter and/or their nominees, in the manner described in the Information Memorandum, of:

- I. up to 20,000,000 PBI Shares at \$0.20 per PBI Share, which maximum number shall be reduced by one PBI Share for each PBIO Option that is exercised pursuant to its terms prior to 24 December 2006, being the expiry date of the said PBIO Options; and
- II. up to 10,000,000 New PBI Options."

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 2 by:

- *persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; or*
- *an associate of those persons.*

However, the Company need not disregard a vote on Resolution 2 if:

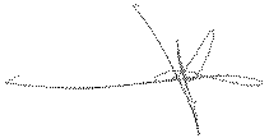
- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;*

PREMIER BIONICS LIMITED – NOTICE OF EXTRAORDINARY GENERAL MEETING



- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated: Tuesday 12th December 2006

A handwritten signature in black ink, appearing to be "Phillip Hains", written over a horizontal line.

Phillip Hains
Company Secretary
By the order of the Board

The accompanying Memorandum and the Proxy and Voting Instructions form part of this Notice of Meeting.



SAMPLE CUSTOMER
SAMPLE ADDRESS
SAMPLE ADDRESS
SAMPLE ADDRESS
SAMPLE ADDRESS

All correspondence to:
Premier Bionics Ltd
Suite 2, 1233 High Street
Armadale Victoria
Australia 3143
Ph: 61 3 9824 8166
Fx: 61 3 9824 8161

Appointment of Proxy

I/We being a member/s of Premier Bionics Ltd and entitled to vote hereby appoint

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

OR

Write here the name of the
person you are appointing if this
person is **someone other than**
the Chairman of the Meeting.

or failing the person named, or if no person 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 Extraordinary General Meeting of Premier Bionics Ltd to be held at Suite 2, 1233 High Street, Armadale Victoria 3143 Australia at 10:00am on Friday, 12th January 2007 and at any adjournment of that meeting.

☐

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 a resolution, please place a mark in the 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 the resolutions/s and that votes cast by the Chairman of the Meeting for those resolutions other than as proxy holder will 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 will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

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

Resolution 1

Approval of the prior PBI Share Issues to Consultants

For	Against	Abstain*
☐	☐	☐

Resolution 3

Approval to Issue up to 20,000,000 PBI Shares and up to 10,000,000
New PBI Options to the Underwriter and/or their Nominees

☐	☐	☐
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item 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 Security holder 1

Sole Director and Sole Company
Secretary

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Telephone Number

Contact Name

Contact Daytime Telephone

Date

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 contact the Company's share registry to arrange for changes to be made.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. 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. 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 security holder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the 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 noted 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 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.

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 more than one name, all the security holders should sign.

Power of Attorney: to sign under a 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.

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 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 not later than 48 hours before the commencement of the meeting at 10:00am on Friday 12th January 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to:

<u>Registered Office</u> Suite 2, 1233 High Street Armadale Victoria 3143 Australia PO Box 8046 Armadale Victoria 3143 Australia Ph: 61 3 9824 8166 Fx: 61 3 9824 8161	<u>Share Registry</u> Security Transfer Registrars 770 Canning Highway Applecross Western Australia 6153 Ph: 61 8 9315 2333 Fx: 61 8 9315 2233
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