



NOTICE IS GIVEN that the Annual General Meeting of the ordinary shareholders of Hexima Limited ABN 64 079 319 314 ('Company') will be held at the KPMG Theatre, Ground Floor, 147 Collins Street, Melbourne, Victoria on Tuesday 23 November 2010 at 11am.

Ordinary Business

1. Financial Statements and Reports

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2010.

2. Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution:

'That the Remuneration Report of the Company for the year ended 30 June 2010 be adopted and approved.'

3. Election of Directors

In accordance with the Company's Constitution and Listing Rule 14.4:

- a Mr Steven Skala retires by rotation and, being eligible, offers himself for re-election.
- b Mr Ross Dobinson, who was appointed by the Board on 21 July 2010, retires and offers himself for election.
- c Professor Marilyn Anderson offers herself for election.

Special Business

4. Adoption of the Hexima Executive Share Option Plan

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

'That future issues under the Hexima Executive Share Option Plan ('HESOP'), the Rules of which are summarised in Item 1 as set out in the Explanatory Notes accompanying this Notice of Annual General Meeting, be adopted and approved for all purposes, including ASX Listing Rule 7.2 exception 9.'

5. Grant of 1,000,000 Options to the Executive Chairman, Mr Ross Dobinson, under HESOP

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

'That the grant of 1,000,000 options for the issue of 1,000,000 fully paid ordinary shares in the capital of Hexima Limited to Mr Ross Dobinson as summarised in Item 2 of the Explanatory Statement which accompanies this Notice of Annual General Meeting be adopted and approved for all purposes, including ASX Listing Rule 10.14;' and

'That the issue to Mr Ross Dobinson of Ordinary Shares as a consequence of the valid exercise by him of the Options in accordance with the Hexima Executive Share Option Plan and the Company's long term incentive arrangements.'

By Order of the Board

Justine Heath
Company Secretary

Dated: 21 October 2010

Notes

1. Defined Terms

Capitalised terms used in this Notice (including those used in the items set out in this Notice) have, unless otherwise defined, the same meanings as set out in the Explanatory Statement attached to this Notice.

2. Material Accompanying this Notice

The following materials accompany this Notice:

- a the Explanatory Statement setting out details relevant to the business set out in this Notice; and
- b Proxy Form and Appointment of Corporate Representative.

3. Voting and Required Majority

In accordance Section 249HA of the Corporations Act, for each of these resolutions to be effective –

- a not less than 28 days written notice specifying the intention to propose the resolutions has been given; and
- b each resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote (whether in person or by proxy, attorney or representative).

On a show of hands every Shareholder has, subject to paragraph 4 below, one vote. In a poll, every Shareholder has one vote for each Ordinary Share held.

4. Voting Exclusion Statement

In accordance with the Listing Rules, the Company will disregard any votes cast on Resolutions 4 and 5 by any director or any of his or her associates,

unless the vote is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Shareholders Eligible to Vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that for the purposes of the AGM, all Ordinary Shares in the Company will be taken to be held by each person whose name appears on the Company's share register at 7.00 pm (AEDT) on Friday, 19 November 2010 ('Effective Time'), will be entitled to vote on the Resolutions set out in this Notice.

6. Proxies and Representatives

- a All Shareholders as at the Effective Time who are entitled to attend and vote at the AGM may appoint a proxy for that purpose.
- b A proxy need not be a Shareholder of the Company.
- c The proxy form sent to you with this Notice should be used for this meeting.
- d If you are entitled to cast two or more votes at this meeting, you may appoint two proxies and you may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional proxy form will be supplied by the Company on request.
- e In the case of an individual, a proxy must be under the hand of the individual or his or her attorney who has been authorised in writing. In the case of a corporation, a proxy must be executed by the corporation under common seal or under the hand of its authorised officer or officers or attorney.
- f Any Shareholder may, by power of attorney, appoint an attorney to act on that Shareholder's behalf. The power of attorney, or certified copy, must be received by the Company as specified in paragraph (h).
- g Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as specified in paragraph (h) at any time before the time of the meeting, or adjourned meeting, or handed in at the meeting.
- h Proxies, corporate representatives and powers of attorney granted by Shareholders must be received by the Company by no later than 11 am AEDT on Sunday, 21 November 2009 at the Company's share registry:
 - i by delivering in person – Link Market Services, Level 12, 680 George Street, Sydney, New South Wales 2000; or
 - ii by post – using the Reply Paid envelope addressed Hexima Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235; or
 - iii by facsimile – to Link Market Services on (02) 9287 0309.
 - iv lodged online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website).

EXPLANATORY STATEMENT

I. General

- a This Explanatory Statement is included in and forms part of the Notice of Annual General Meeting ('Notice').
- b This Explanatory Statement contains an explanation of, and information about, the Resolutions to be considered at the Annual General Meeting of Hexima on 23 November 2010. It is given to the Shareholders of Hexima Limited ('Company') to help them determine how to vote on the Resolutions set out in the accompanying Notice.
- c Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions contemplated in this Explanatory Statement.
- d If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.
- e This Explanatory Statement is dated 21 October 2010.

2. Business

a. Item 1 – Financial Reports

The Corporations Act requires the Financial Report, Directors' report and the Auditor's Report (collectively referred to as 'Reports') to be laid before the AGM.

Neither the Corporations Act nor the Company's Constitution requires Shareholders to vote on such Reports. However, Shareholders will be given the opportunity to raise questions on the Reports at the AGM.

In addition, if the Company's auditor or their representative is present at the AGM, the chair of the meeting will allow a reasonable opportunity for the Shareholders as a whole at the meeting to ask the auditor or the auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Any Shareholder entitled to cast a vote at the AGM may submit a written question to the auditor if the question is relevant to:

- i the content of the auditor's report to be considered at the AGM; or
- ii the conduct of the audit of the annual financial report to be considered at the AGM.

The Shareholders may do so by giving the question to the Company no later than the fifth business day before the day on which the AGM is held. The chair of the AGM will allow a reasonable opportunity for the auditor or their representative to answer written questions so submitted and that the auditor considers relevant to (i) or (ii) above.

b. Item 2 – Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report (which is included in the Directors' Report) is set out on pages 20 to 22 of the Annual Report which is available from the Company's website (www.hexima.com.au).

In accordance with section 250R of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the outcome of the vote will be considered by the Remuneration Committee of the Board when evaluating the remuneration arrangements of the Company.

The Remuneration Report among other things:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- sets out the remuneration arrangements in place for the Non-Executive Directors, Executive Directors and for specified senior executives of the Company; and
- explains the difference between the bases for remunerating Non-Executive Directors and Executives, including Executive Directors.

An opportunity for discussion of the Remuneration Report will be provided at the AGM.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution to adopt the Remuneration Report.

c. Items 3(a), 3(b) and 3(c): Election of Directors

Pursuant to the Constitution of the Company and the Listing Rules, Directors are prohibited from holding office past the third AGM following their appointment or 3 years, whichever is longer. Accordingly, Mr Steven Skala retires at the Annual General Meeting and, being eligible for re-election, offers himself for re-election.

The Company's Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. The Directors appointed Mr Ross Dobinson as a Director on 21 July 2010 as an addition to the existing Directors.

The Board seeks to appoint Professor Marilyn Anderson to the Board from the date of the Annual General Meeting.

Steven M Skala AO

BA, LL.B (Hons) (University of Qld), BCL (Oxford University)

Non-Executive Director

Steven Skala is Vice Chairman, Australia and New Zealand of Deutsche Bank AG. He retired from legal practice after almost 25 years experience in commercial law. Between 1985 and 2004 he was a partner of law firm, Arnold Bloch Leibler, and was Head of its Corporate and Commercial Practice for several years.

Mr Skala is a Director of the Australian Broadcasting Corporation, Deutsche Australia Limited, Wilson HTM Investment Group Limited, and The Centre for Independent Studies and he is Deputy Chairman of the General Sir John Monash Foundation. He is also Vice President of The Walter and Eliza Hall Institute for Medical Research and was previously Chairman of Film Australia Limited and The Australian Centre for Contemporary Arts and a director of Max Capital Group Limited and The Australian Ballet.

Mr Skala has been a Director of the Company since 17 May 2002. He was Chairman of the Company from 2002 until 30 June 2008. He was reappointed as Chairman on 2 October 2009 and resigned as Chairman on 21 July 2010. He is also a member of the Audit and Risk Management and Remuneration Committees.

Ross Dobinson

BBus, (Qld University of Technology)

Executive Chairman

Mr Ross Dobinson was appointed Executive Chairman on 21 July 2010. He is a member of the Audit and Risk Management and Remuneration Committees.

Mr Dobinson has extensive corporate advisory and investment banking experience. He has taken two highly successful biotechnology companies from pre-seed stage to listed status with a current market capitalisation of \$400 million. In addition, he has been involved in venture capital initiatives in Australia, Europe and the United States.

Mr Dobinson is Chairman of Acrux Limited, Micronix Pty Ltd, Diagnotech Pty Ltd, Farm By Nature Pty Ltd, and TPI Enterprises Ltd. He is also a Director of Starpharma Holdings Limited, Origin Capital Limited, Sienna Cancer Diagnostics Ltd, PharmaQest Pty Ltd, Healthfarm Fine Foods Pty Ltd and Racing Victoria Limited. He was formerly a director of the listed stockbroking firm of Jacksons Limited, Head of Corporate Advisory Services at the stockbroking firm operated by National Australia Bank Limited (A.C. Goode & Co. Ltd), Director of National Australia Corporate Advisory Limited, and Director of Corporate Advisory of Dresdner Australia Proprietary Limited.

Marilyn Anderson

BSc (Hons) (The University of Melbourne), PhD (LaTrobe University)

Executive Director, Chief Science Officer

Professor Marilyn Anderson is a founding scientist of Hexima. She has over 30 years experience in scientific research in the area of plant biochemistry and genetics. After completing a BSc Honours at The University of Melbourne and a PhD in Biochemistry at LaTrobe University, Professor Anderson spent seven years in the United States working on diabetes at the University of Miami and oncogenes at Cold Spring Harbor Laboratory.

She is a Professor of Biochemistry at LaTrobe University and an Associate Professorial Fellow in the Botany School at The University of Melbourne. She was appointed Hexima's Chief Science Officer in July 2009. Professor Anderson was a director at South East Water Limited for over 10 years prior to her appointment to the board of City West Water in 2008. She is a Fellow of the Australian Institute of Company Directors.

Additional information

Information about Mr Dobinson was released to the market on 21 July 2010. Information about Mr Dobinson and Mr Skala can be found in the Directors' Report which accompanies, and forms part of, the Company's Annual Report.

Directors' recommendation

The continuing Directors unanimously support the re-election of Mr Skala and the election of Mr Dobinson and Professor Anderson.

d. Items 4: Adoption of the Hexima Executive Share Option Plan

Hexima proposes to establish the Hexima Executive Share Option Plan (HESOP). The following is a summary of the main terms of the HESOP.

Summary

Effective from 1 July 2009 the taxation rules applying to employee share scheme (ESS) benefits provided to Australian resident taxpayers have changed. Legislation was passed by the Senate on 2 December 2009 and received Royal Assent on 14 December 2009. By the passing of the Tax Laws Amendment (2009 Budget Measures No.2) Bill 2009 and Income Tax (TFN Withholding Tax (ESS) Bill 2009 the reform of the way ESS benefits are taxed was completed by:

- replacing the current Division 13A of Part III of the Income Tax Assessment Act 1936;
- inserting a new Division 83A into the Income Tax Assessment Act 1997 dealing with employee share schemes; and
- inserting a new Subdivision 14-C in Schedule I to the Taxation Administration Act 1953 (TAA 1953) dealing with the employee share scheme withholding tax, and a new Division 392 in Schedule I to the TAA 1953 dealing with employee share scheme reporting.

The Board of Hexima wishes to establish an ESS that meets the new taxation requirements and to enable offers to be made under this plan to selected senior executives, within appropriate limits, and to ensure those issues are excluded from the 15% annual general limit on capital raising prescribed in ASX Listing Rule 7.1.

Specific details of the HESOP are as follows:

HESOP Rules

The Hexima Executive Share Option Plan Rules will establish the HESOP. The specific terms of a particular grant, including any conditions of offer will be contained in the Invitation and associated documentation attached to any offer.

Eligible Persons

The HESOP will be used for offers to eligible invited executives of Hexima group approved by the Board.

Options or Rights to Acquire Shares

Grants under the HESOP will be of options or rights to acquire shares. The grants may comprise one or several tranches.

Invitation to Participate

Under the HESOP Rules the Board may invite the Eligible Person to apply for options to acquire shares in the Company. At the request of the Eligible Person and with the approval of the Board, to the extent the Eligible Person does not personally apply for the full number of options referred to in an Invitation, some or all of the balance of the options may be granted to an Associate of the Eligible Person. 'Associate' for this purpose has the meaning given in the Income tax Assessment Act.

Options are non-transferable

An option granted to the Eligible Person (including a nominated Associate) is not transferable and may not otherwise be dealt with, except with the Board's approval, or by force of law on death or legal incapacity.

Exercise Price

The Exercise Price will be an amount determined by the Board, fixed at the date of grant or determined by application of a methodology approved by the Board.

Consideration

The Eligible Person may be required to pay nominal consideration to Hexima to receive the options. The nominal consideration will be equal to or greater than the market value of the options as determined in accordance with the ITAA.

Exercise of options

Options to acquire shares will have a life determined by the Board. The Board may prescribe the date or the method of calculating the date on which the options become exercisable (Exercise Date). On or after the Exercise Date and provided any exercise conditions prescribed by the Board have been achieved and, where applicable, to the extent they have been achieved, the HESOP Participant may then acquire shares by exercising the options. An option will lapse if it is not exercised by the Expiry Date.

Early Cessation of Employment

If the Eligible Person ceases employment with Hexima prior to the Exercise Date as a result of death or incapacity, then the Board will have the discretion to allow some or all of the unvested options to be exercised.

If the cessation of employment is a result of redundancy or retirement all vested options may be exercised.

If the cessation of employment arises as a result of a takeover, scheme of arrangement or other change of control all options may be exercised.

Performance hurdles

The Board is aware that best practice executive equity incentive design requires that long-term equity-based rewards should be linked to the achievement of relevant performance hurdles. The performance hurdles to be applied to individual invitations will be determined by the Board.

Restrictions on disposal

The Board may implement an appropriate procedure to restrict the disposal of any shares converted on the exercise of the options to meeting any market or inside trading restrictions or holding locks.

Source of Shares

Shares required for the purposes of the HESOP may be sourced either by issuing new shares or by acquiring existing shares off market or on market, at the Board's discretion.

Payment for Shares

Any costs associated with shares issued or purchased for the purposes of the HESOP will be paid by the Company. Any Exercise Price payable on the exercise of an option will be paid by the Eligible Person or his Associate. This addresses 'financial assistance' provided by the Company for the acquisition of its own shares for the HESOP. For example, in the future the Company may set up a trust to purchase shares on market for subsequent transfer to Participants in the HESOP on exercise of particular options, rather than issuing new shares.

No Loans

Loans will not be permitted as part of the HESOP.

No hedging Unvested Options

No participant in the HESOP will be permitted to enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested options.

Reconstructions, Bonus and Rights Issues

The Exercise Price of an option will be adjusted in a manner contemplated by the ASX Listing Rules from time to time to take account of capital reconstructions and bonus issues.

If there is a rights issue to all shareholders before an option under the HESOP is exercised, the Exercise Price for the option will be appropriately adjusted in the same manner as provided in the formula provided by the ASX Listing Rules.

a. Limitation on Issues

The number of shares that may be issued under the HESOP is set with regard to the limits prescribed by the Australian Securities and Investments Commission (ASIC) with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of shares that may be issued when aggregated with the number of shares issued during the previous 5 years from share issues under all employee share schemes established by the company (including as a result of exercise of options to acquire shares granted during the previous 5 years under any such employee share scheme) must not exceed five (5) percent of the total number of shares on issue disregarding certain unregulated offers.

Amendments to HESOP Rules

Subject to the provisions of the HESOP, the Board may amend the HESOP Rules or the terms of Grant, if required to do so. However, the Rules may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the rights of the Eligible Person in respect of options already granted. Exceptions to this permit amendment for the purpose of complying with State or Commonwealth legislation or to address any adverse tax implications for Participants generally or by any Group Company.

A copy of the HESOP Rules is available on request from the Company Secretary.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution to adopt the Hexima Executive Share Option Plan in accordance with Listing Rule 7.2, Exception 9. Any votes cast in respect of this resolution by any Director of the Company (except if ineligible to participate in any of the Company's employee incentive schemes), or their respective associates, will be disregarded, except as stated in the Notice.

e. Items 5 : Issue of 1,000,000 Options to Mr Ross Dobinson, Executive Chairman

If the preceding Resolution 4 is approved, it is proposed that 1,000,000 options for the issue of 1,000,000 fully paid ordinary shares in the capital of Hexima be issued to the Chairman under HESOP on the terms set out below.

Background and reasons for the proposal

At the time Mr Dobinson was appointed Executive Chairman on 21 July 2010, it was proposed that subject to shareholder approval, Mr Dobinson would be given the opportunity to participate in an option plan to receive 1,000,000 options with an exercise price of \$0.50. This was announced to the market in a release to the ASX on 21 July 2010.

The Board of Hexima is aware that the offer of options to a Director must consider contemporary remuneration guidelines and market practices. The proposed offer of options to the Executive Chairman does not meet some elements of these best practice guidelines, because no specific performance hurdles are imposed (other than share price hurdles) and the term of the options is longer than five (5) years for certain Tranches.

Notwithstanding, your Board believes it is appropriate to make the offer as set out for a number of reasons, including:

- The options are being offered at a substantial premium to the current market price of Hexima shares;
- If the future Hexima share price does not reach the substantial premium then there will be no cash flow or dilutive impact on shareholders;
- If the future Hexima share price does reach the substantial premium set and the options are exercised, then shareholders will receive a cash flow benefit in excess of the accounting cost of the benefit provided and while there will be a dilutive impact on all shareholders, the resultant growth in Hexima's Market Capitalisation arising will significantly compensate shareholders for any dilution; and
- If additional cash were used to compensate Mr Dobinson for long term incentives, the cost and cash flow impact would not be in Hexima's interests;

Because Mr Dobinson is a Director of Hexima Limited, shareholder approval is required under ASX Listing Rule 10.14 before any issue of securities can be made.

The ASX listing rules requires the following information about the issue of options to be given to shareholders.

Issued to:	Mr Ross Dobinson or his designated Associate
Maximum number of options to be issued:	Tranche 1 – 250,000 Tranche 2 – 250,000 Tranche 3 – 250,000 Tranche 4 – 250,000 Total 1,000,000
Issue date:	The issue date of the options will not be more than 30 days after the date of the 2010 Annual General Meeting.
Exercise price	Tranche 1 – \$0.50 Tranche 2 – \$0.50 Tranche 3 – \$0.50 Tranche 4 – \$0.50
Consideration:	Tranche 1 – No less than \$0.0001 per option Tranche 2 – No less than \$0.0001 per option Tranche 3 – No less than \$0.0001 per option Tranche 4 – No less than \$0.0001 per option
Relationship between Hexima and offeree:	Mr Dobinson is the Executive Chairman of Hexima.
Intended use of funds raised:	The funds received, if any, on exercise of the options will be used for general working capital purposes
First Exercise Date (FED):	Tranche 1 – 15 November 2011 Tranche 2 – 15 November 2012 Tranche 3 – 15 November 2013 Tranche 4 – 15 November 2014
Last Exercise Date (LED):	Tranche 1 – 15 November 2016 Tranche 2 – 15 November 2017 Tranche 3 – 15 November 2018 Tranche 4 – 15 November 2019
Performance Conditions:	None. (Note: Exercise price is at a substantial premium to the market price of Hexima shares.)
Estimated Value per Option:	Tranche 1 – \$0.0198 Tranche 2 – \$0.0452 Tranche 3 – \$0.0675 Tranche 4 – \$0.0869
Estimated Income Statement Cost:	Tranche 1 – \$ 4,950 Tranche 2 – \$11,300 Tranche 3 – \$16,875 Tranche 4 – \$21,725
Valuation Assumptions:	Stock Volatility – 58.22% Risk Free Rate – 4.85% p.a. Dividend Yield – 0.00% p.a. Expected Life – Grant Date to FED Hexima share price – \$0.265
Takeover, Scheme of Arrangement, Merger	In the event of a Change of Control, as defined in the Corporations Act, any unvested options will immediately become vested and be available for exercise.

Estimated \$ value of the benefit to Mr Dobinson of the proposed option grants

The benefit of the proposed option grants to Mr Dobinson will depend on firstly, achievement of the vesting conditions (service) and secondly, the future price of Hexima shares exceeding the exercise price at the vesting date.

Assuming all conditions of offer are met and estimating the future Hexima share prices, the \$ value of the benefit to Mr Dobinson and the value compared to the growth in Hexima's market capitalisation with constant capital assumed would be as follows:

Future Hexima share price assumptions	Total option grant benefit based on assumptions*	Growth in Market Capitalisation (MC)^	Option grant as a % of MC Growth
\$0.35	\$0	\$6,890,054	0.00%
\$0.50	\$0	\$19,048,975	0.00%
\$0.75	\$250,000	\$39,313,842	0.64%
\$1.00	\$750,000	\$59,578,710	1.26%
\$5.00	\$4,500,000	\$383,816,590	1.17%

* Based on a Hexima share price of \$0.265 (23 September 2010).

^ Assumes the number of Hexima shares on issue of 81,059,470 is unchanged.

Other conditions and information required to be disclosed under ASX Listing Rule 10.15A

- Shares provided under HESOP on exercise of the options may be acquired from a new issue or acquired by on market purchase. Any shares acquired will be listed on ASX;
- Any shares acquired on exercise of the options acquired will rank pari passu in all respects with other Company shares listed on ASX;
- Options offered under HESOP may be offered for nominal consideration. Shares acquired on exercise of the options will require payment of the exercise price.
- Hexima will bear all costs associated with the administration of HESOP;
- No previous offers have been made under HESOP;
- Non-executive Directors may be eligible to participate in HESOP but only if shareholder approval is provided;
- Any offers under HESOP to a Director requiring an issue of securities must be approved by shareholders;
- Details of any options granted and shares acquired under HESOP will be published in each annual report of Hexima relating to the period in which shares have been acquired, and that where required, that approval is obtained under ASX Listing Rule 10.14; and
- No person who becomes entitled to participate in HESOP after the resolution is approved who are not named in the Notice of Meeting will participate in HESOP until approval is obtained under ASX Listing Rule 10.14, assuming approval is required.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution to grant 1,000,000 options to Mr Ross Dobinson in accordance with Listing Rule 10.14 and for all other purpose. Any votes cast in respect of this resolution by any Director of the Company (except if ineligible to participate in any of the Company's employee incentive schemes), or their respective associates, will be disregarded, except as stated in the Notice.



HEXIMA

3. Glossary

Annual General Meeting or AGM means the Company's annual general meeting, notice of which is given in the Notice.

ASX means ASX Limited ABN 98 008 624 691.

Auditor means the auditor of the Company.

Auditor's Report means the report of the Auditor regarding its audit of the Company, and its controlled entities, which accompanies the Financial Report.

Board means the Board of Directors of the Company or a committee appointed by the Board of Directors.

Company means Hexima Limited ACN 079 319 314.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director's Report means the report of the Directors which accompanies the Financial Report.

Explanatory Statement means the notes contained in this document that provide details of the business to be considered at the AGM.

Financial Report means the annual financial report of the Company, and its controlled entities, for the year ending on 30 June 2008.

HESOP means Hexima Executive Share Option Plan

Listing Rules means the listing rules of ASX, as amended from time to time.

Notice means the notice of annual general meeting accompanying this Explanatory Statement.

Option means an option to acquire an Ordinary Share.

Ordinary Shares means fully paid ordinary shares in the capital of the Company.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report of the Company that forms part of the Directors' Report.

Resolution means a resolution set out in the Notice.

Shareholder means the holder of one or more Ordinary Shares.

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