

NOTICE OF SPECIAL MEETING

Notice is given that a Special Meeting of shareholders of Genesis Research and Development Corporation Limited will be held in the Remuera Room at Ellerslie Event Centre, 100 Ascot Ave, Greenlane East, Auckland on 23rd October 2009 commencing at 10.30am.

BUSINESS

1. **Approval of the transfer of technology to Solirna BioSciences Ltd and the issue of shares and convertible notes in Solirna BioSciences Limited**

Genesis Research and Development Corporation Ltd (**Genesis**) has established a wholly owned subsidiary, Solirna BioSciences Limited (**Solirna**). Genesis has agreed to transfer to Solirna all of its assets, agreements and intellectual property relating to nucleic acid based therapeutics and diagnostics including single stranded gene silencing (**Technology**). Solirna has issued to Genesis 2,200,000 ordinary founder shares.

On 4 August 2009 Genesis signed an Exclusivity Agreement and a non-binding Terms Sheet with MediBIC Group, the general partner of MediBIC Alliance Technology Fund-1 (**MATF-1**) pursuant to which:

- Genesis will deal exclusively with MATF-1 in relation to investment in the Technology, for a period from the signing of the Exclusivity Agreement until the earlier of the signing of definitive documents, including a Shareholders' Agreement, a Constitution for Solirna and a Convertible Note Agreement (**Definitive Documents**) or 30 September 2009, provided that this exclusivity does not extend to the RNAi interests of Genesis in agricultural and horticultural biotechnology; and
- Genesis will negotiate in good faith to agree the terms of the Definitive Documents consistent with the Terms Sheet, the Definitive Documents to be subject to securing all necessary regulatory, board and shareholder approvals.

The transfer of the Technology to Solirna combined with the proposed issue of equity securities in Solirna to MATF-1 and the signature of the Definitive Documents (**Transactions**) require the approval of shareholders for the following reasons:

- The Transactions will constitute a change in the essential nature of the business of Genesis for the purposes of Listing Rule 9.1 of the NZX Listing Rules.
- The gross value of the Technology exceeds 50% of the Average Market Capitalisation of Genesis.
- The Transactions constitute a "major transaction" for the purposes of Section 129 of the Companies Act 1993.

Genesis has obtained a waiver from NZX from obtaining approval for the Transactions under Listing Rule 9.2 of the NZX Listing Rules.

2. To authorise settlement of directors' remuneration by issue of shares

Due to the limited cash resources of Genesis over the last few months, the directors have not been paid any fees for the period commencing 1st March 2009. The unpaid fees currently amount to \$87,500. Genesis would like to obtain shareholder approval to authorise, for the purpose of Listing Rule 3.5.1, the payment of directors' remuneration incurred after the date of this Notice through the issue of ordinary shares credited as fully paid up in lieu of some or all of their directors' fees being paid in cash in accordance with Listing Rule 7.3.7. Directors' fees were set at an aggregate amount of \$245,000 per annum on 25th May 2006 at an annual meeting of shareholders. Remuneration by way of shares is to be at the discretion of the Board.

The purpose of the Special Meeting of shareholders is to consider and, if thought fit, to pass the following Resolutions.

1. The following Special Resolution will be put to the meeting:

That the proposed Transactions on the terms outlined in the Explanatory Notes to the Notice of Meeting be approved, subject to final approval by the Board of Directors of the Company to the form and content of the Definitive Documents.

2. The following Ordinary Resolution will be put to the meeting:

That the Company may pay directors' remuneration, either in part or in whole, by way of issue of ordinary shares credited as fully paid up in lieu of some or all of their directors' fees being paid in cash in accordance with Listing Rule 7.3.7 for directors' fees incurred after the date of this Notice. Remuneration by way of shares is to be at the discretion of the Board.

3. General Business

To consider any other business that may properly be brought before the meeting.

By order of the Board



S G HALL
2 October 2009

Explanatory Notes to Notice of Special Meeting

ITEM 1: Approval of Solirna Transactions

Shareholder Approval

Pursuant to NZSX Listing Rule 9.1.1, Item 1 requires approval by a Special Resolution of Genesis shareholders as the value of the Technology before the proposed MATF-1 investment has been agreed as NZ\$2,200,000 which exceeds 50% of the Average Market Capitalisation of Genesis for the 20 days up to 1st October 2009 being the sum of NZ\$3,056,827, the Transactions will result in a change to the essential nature of the business of Genesis and the Transactions will comprise a “major transaction” under section 129 of the Companies Act 1993. The pre-investment valuation of NZ\$2,200,000 was based on the average market capitalisation of Genesis over a period prior to making the offer, less a deduction for assets such as the investments in Real Time Genomics and Pure Power Global that will continue to be fully owned by Genesis.

A “major transaction” under section 129 of the Companies Act 1993 includes (amongst other things) a transaction pursuant to which Genesis disposes of or agrees to dispose of, whether contingent or not, assets of Genesis the value of which is more than half the value of Genesis’ assets before the disposition.

A Special Resolution is a resolution passed by a majority of 75% of the votes of shareholders entitled to vote and voting on the matter.

Genesis has obtained a waiver from NZX from the requirement to obtain approval for the Transactions under Listing Rule 9.2 of the NZX Listing Rules. In the absence of the waiver Listing Rule 9.2 would require Genesis to obtain shareholder approval of the Transactions due to the Transactions possibly constituting a “material transaction” with a “related party” (Solirna). Full details of the waiver were released to the market on 1st October 2009.

Details of the NZSX Listing Rules can be found at www.nzx.com.

Solirna Establishment

In a Shareholder Newsletter dated 5 August 2009 Genesis advised shareholders that it had established a new subsidiary company (established on 22 July 2009), Solirna Biosciences Ltd (**Solirna**) to develop the single stranded gene technology, that had been invented by Genesis employees and that terms for the funding of Solirna had been finalised with a Japanese investment fund (MATF-1).

MATF-1’s investment in Solirna was negotiated after MATF made an investment offer structured on common venture capital (VC) terms following presentations given by Genesis. MATF-1’s offer was presented to Genesis on 30 June 2009 in the form of a terms sheet. While heavily negotiated, the major terms of the offer have not changed, apart from an option to increase the total investment by MATF-1 from \$900,000 to \$ 1 million. A lot of negotiation went into agreeing the terms of the Services Agreement, whereby MATF-1’s proposed investment in Solirna will enable Solirna to pay Genesis for contract research services to develop the gene silencing technology.

Genesis will continue to employ certain science staff for the purposes of providing the services.

The current directors of Solirna are Mr Stephen Hall (CEO of Genesis) and Mr Ali Zareh (representing MATF-1). It is planned to expand Solirna’s board as Solirna makes technical progress, including appointment of an independent chairman.

Under the new structure the current projects will be all owned by Solirna. Solirna will develop the Technology, then license it to any party who is interested in using it as the basis of human therapeutics. The usual licence formats are:

1. A research license, which allows the licensee to only use the technology for internal research. If research use achieves positive results then the licensee is likely to proceed to negotiate a commercial license.
2. A commercial licence, which allows the licensee to develop and sell commercial products (therapeutics) using the patented technology. Commercial licenses might be exclusive for one or more named genes (out of the 20-25,000 genes in humans) and/or disease areas. These licenses typically involve multi-million dollar milestone payments plus significant royalties over the life of the patents.

Solirna might also undertake development of one or more therapeutics on its own endeavour, but this would not conflict with any of the commercial licenses negotiated with MATF-1 (or its nominee) or any other parties.

Genesis will still be able to undertake new research projects outside the Solirna field. Genesis will continue to hold investments such as in Pure Power Global and Real Time Genomics Inc. Thus the business structure is changing but the primary focus on biotechnology, particularly development of human therapeutics, will continue.

Solirna Funding

Genesis has been actively seeking funding for the gene silencing project during all of 2009, building on international business development contacts for the Genesis RNAi projects that have been developed over the last four years. The Japanese proposal was the best opportunity for the further development of the single stranded gene silencing technology.

MATF-1, has agreed, subject to completion of the Definitive Documents, to invest up to NZ\$1 million into Solirna by way of subscription for new Series A Preference Shares and Convertible Notes. Pending completion of the negotiation of the Definitive Documents, MATF-1 has agreed to provide a short term loan (**Short Term Loan**) to Solirna, to fund ongoing research from 1 August 2009, secured by a charge over the Technology.

The initial investment tranche by MATF-1 will occur shortly after the approval of Genesis shareholders of the Transactions is obtained. The initial investment tranche will comprise a subscription for Series A Preference Shares (at \$1 each) to a value of \$200,000 and an additional \$350,000 by way of Convertible Notes to replace the Short Term Loan. A subsequent investment tranche is likely to be effected in December 2009 or January 2010. The value of the Series A Preferred Shares to be issued and the Convertible Notes to be issued will be known when the subsequent investment tranche is completed.

The Short Term Loan is for a total advance of \$350,000 and is intended to be satisfied by the issue of the Convertible Notes in the initial investment tranche. If not satisfied in this manner the short term loan is repayable upon demand after 30 September 2009. Interest is not payable on that loan unless the principal sum is not repaid in the manner detailed in which case interest accrues at 8% per annum upon demand by MATF-1.

Following the completion of the Transactions:

1. Genesis will own 2,200,000 ordinary founder shares in Solirna. The founder shares do not have any unusual or special rights or obligations.
2. Under the Solirna employee share option plan the Solirna board can issue up to 380,000 options over ordinary Solirna shares. These options are only likely to be issued over an extended time.
3. MATF-1 will have between \$300,000 and \$500,000 of Series A Preference Shares and between \$400,000 and \$600,000 of Convertible Notes, such that the total investment in Series A Preference Shares plus Convertible Notes will be at least \$900,000 and a maximum of \$1 million. The Series A Preference Shares and Convertible Notes each convert into two ordinary shares, if not redeemed.

MediBIC Alliance Technology Fund-1 (MATF-1)

MATF-1 was established in March 2005 by MediBIC Alliance Co. Ltd, an investment arm of MediBIC Group, to invest in early stage private biotechnology companies mainly in North America and Europe, with a focus on a specific technology area related to drug development. Since the establishment of MATF-1, MediBIC Group has assumed the role of general partner of MATF-1 in place of MediBIC Alliance Co. Ltd.

About MediBIC Group

MediBIC is headquartered in Tokyo and is listed on the Tokyo Stock Exchange (Mothers Section – Securities Code 2369). MediBIC was established in February 2000 with interests in genomic drug discovery. MediBIC provides research and development consulting and informatics services to Japanese pharmaceutical companies and is also engaged in drug discovery. It uses its expertise in cutting edge drug discovery methodologies to actively integrate appropriate technologies developed and utilised by Western pharmaceutical companies to improve Japanese pharmaceutical research and development.

For more information on MediBIC, visit www.medibic.com

Structure of MATF-1 Investment

The MATF-1 funding proposal specified in the Terms Sheet incorporates the following essential terms:

1. A pre-investment valuation of Solirna of NZ\$2,200,000 based upon the vesting of the Technology in Solirna represented by the 2,200,000 ordinary founder shares issued to Genesis.
2. MATF-1 funding for Solirna of up to \$900,000 (or at the option of MATF-1 up to \$1 million) through the issue by Solirna to MATF-1 of a combination of Series A Preferred Shares and Convertible Notes. At the option of MATF-1, the investment in Solirna Series A Preferred Shares will range between NZ\$300,000 and NZ\$500,000 and in Solirna Convertible Notes will range between NZ\$400,000 and \$600,000.
3. The Series A Preferred Shares to have entitlements to:
 - 3.1 An 8% annual dividend on the issue price, to be paid in preference to any other dividends;
 - 3.2 A right to participate (on an as converted basis) in further dividends pro-rata with the holders of ordinary shares;
 - 3.3 A liquidation preference in respect of the issue price plus all unpaid dividends;
 - 3.4 A right to participate (on an as converted basis) in any further assets to be distributed on liquidation pro-rata with the holders of ordinary shares;
 - 3.5 A right to convert into ordinary shares at:
 - (a) any time on election by MATF-1;
 - (b) immediately prior to the closing of, and conditional upon the closing of, a the first underwritten public offering of Solirna's ordinary shares with a price of at least \$5 per share and gross proceeds in excess of \$50 million; or
 - (c) on the date specified by the holders of a majority of the then outstanding Series A Preferred Shareson the basis of the issue of 2 ordinary shares for each Series A Preferred Share converted;
 - 3.6 A right to one vote per Series A Preferred Share; and

- 3.7 Voting veto rights in respect of material structural changes to Solirna or any change to its constitution.
4. The Convertible Notes to have a 3 year maturity with interest at 8% compounding annually and being convertible into Series A Preferred Shares or ordinary shares as follows:
 - 4.1 At the option of MATF-1, the convertible notes can be converted into any future series preferred shares to be issued by Solirna, at a 50% discount to the price at which the future series is issued to other investors; and
 - 4.2 If at the maturity date, Solirna has not issued a further series of preferred shares with a purchase price at least equal to the issue price of the Series A Preferred Shares and in an amount of at least NZ\$5 million, the convertible notes, at the option of MATF-1, can be converted into Series A Preferred Shares or ordinary shares at their fair market value at the time of conversion, as determined by the Solirna board with the agreement of MATF-1.
5. The Convertible Notes will be secured by way of a General Security Agreement over all present and after acquired property of Solirna.
6. Upon any liquidation of Genesis, MATF-1 and its limited partners have a right of first refusal for all of the shares held by Genesis in Solirna.
7. The creation of an employee share options pool with options available to be issued to contractors, consultants and employees of Solirna in respect of up to 380,000 ordinary shares in Solirna.
8. MATF-1 rights to board representation and to nominate representatives to the scientific advisory board of Solirna and ongoing rights to research and development and financial reporting.
9. Genesis has the right to a representative on the Solirna board for so long as it holds at least 10% of the fully diluted capital of Solirna. The first appointee of Genesis to the Solirna board is the CEO of Genesis, Stephen Hall.
10. Solirna to grant to MATF-1 or its nominee an option to a non-exclusive worldwide internal research licence to the Technology.
11. Genesis to cease to undertake research or development in areas related to the Technology and not to compete with Solirna in connection with the Technology. The rights of Genesis to develop non-human RNAi technology with application to the fields of agriculture and horticulture are excluded from the non-compete provisions.
12. Conditions to be satisfied include:
 - 12.1 Completion of due diligence by MATF-1;
 - 12.2 Approval of the MATF-1 Investment Committee;
 - 12.3 Negotiation and approval of the Definitive Documents; and
 - 12.4 Approval by the shareholders of Genesis.

Board review of the Transactions

ITEM 1: Solirna Transactions

The Genesis Board has reviewed the options for the future development of the Technology and believes that in absence of any other better funding alternatives for the Technology, the implementation of the Transactions on the terms negotiated provides the best outcome for the shareholders of Genesis. If shareholders do not approve Transactions, the lack of funding will inevitably result in Genesis ceasing operations, terminating remaining staff and mothballing the Technology. If these steps are to be taken, it would be difficult for Genesis to subsequently assemble a team with the necessary skills to restart the development of the Technology or to realize any value from the Technology.

The proposed research licence with MATF-1 (or its nominee) will provide Solirna with feedback regarding application of the technology to commercial projects. This will help ensure that the Technology development is commercially oriented. The Board believes that the proposed MATF-1 investment in Solirna represents the best possible option available for realising value for the Technology. The Transactions, if approved, will provide cash funding to enable continuation of the gene silencing technology and the potential for the establishment of a broader alliance with MATF-1 (or its nominee).

The retention of a significant shareholding in Solirna provides Genesis shareholders with a potential to share in the upside of future development of the Technology with the input of new capital from an investment fund associated with a large multinational research and development company.

ITEM 2: Directors' Remuneration

The current annual remuneration of the directors was set on 25 May 2006 at an aggregate amount of \$245,000 per annum. Directors have each been paid \$35,000 per annum except for the Chairman who has been paid \$70,000 per annum.

The Board considers that the proposal to remunerate directors in shares is appropriate given the financial position of Genesis. If approved, payment of directors' remuneration through the issue of ordinary shares in Genesis credited as fully paid will be on the following terms:

1. Subject to the Board being satisfied with the matters set out in paragraph 5 below, as soon as practicable after the release by Genesis of its interim and annual results to the market, the Board will have the option to pay directors' fees in cash or through the issue of shares for the relevant period preceding the payment.
2. The price for any shares issued to directors under the scheme will be the volume weighted average market price for Genesis ordinary shares trading on the NZSX market over the 20 trading days before the issue occurs.
3. All shares issued to directors as remuneration under this proposal will rank equally in all respects with all other fully paid ordinary shares in Genesis on issue at the time of issue of the shares.
4. The Board will only issue shares to directors in lieu of fees if the Board is satisfied that the consideration for, and the terms of, the issue of the shares, are fair and reasonable to Genesis and to all existing shareholders, and that the issue will not give rise to any breach by Genesis of any statutory or NZSX Listing Rules requirements.
5. Any shares issued to directors under this proposal must be issued within two months of the announcement by Genesis of its interim and annual results or otherwise the cash equivalent must be paid.

Listing Rule 3.5.1 requires that the shareholders of Genesis approve the remuneration payable to the directors of Genesis by means of an Ordinary Resolution, and the fact that the remuneration is payable either in whole or in part by way of an issue of shares. Listing Rule 9.3.1 disqualifies any director or any associated person of a director from voting on this Resolution.

Voting Exclusion Statement

In accordance with the NZSX Listing Rules, Genesis will disregard any votes cast on the resolution under Items 1 and 2 on the Notice of Meeting by any other person who might obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities.

However Genesis need not disregard a vote if it is cast by such a person for another person who is entitled to vote, in accordance with express instructions of the person entitled to vote on the proxy form; or if 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.

Genesis Research and Development Corporation Ltd Special Meeting of Shareholders

10.30am 23 October 2009, Remuera Room, Ellerslie Event Centre, 100 Ascot Ave, Greenlane East, Auckland

ADMISSION CARD

Genesis Research and Development Corporation Limited

If you propose TO ATTEND the Meeting:

Bring this Admission Card and Proxy/Voting form intact.

If you do NOT propose to ATTEND the Meeting but wish to be represented by proxy:

Complete the Proxy/Voting form below, detach this Admission Card.

When two or more persons are registered as the holder of a Share, the vote of the person named first in the Share Register and voting on a matter must be accepted to the exclusion of the votes of the other joint holders.

Shareholder Number:

No. of voting securities

TEAR

PROXY FORM (for use if you do not propose to attend the meeting) (Note 1)

Shareholder No.

No. of voting securities

I/We (Note 2)

being a shareholder/shareholders of Genesis Research and Development Corporation Limited hereby appoint

_____ of _____ or failing

him/her, _____ of _____ (Note 3) as my/our proxy to vote for me/us

on my/our behalf at the Special Meeting of the Company to be held on 23 October 2009 and at any adjournment thereof.

RESOLUTIONS (Tick the appropriate box if desired)

My/our proxy is instructed to vote as follows

(To be completed only where the proxy is required to vote in a certain manner)

Resolution 1 – Approval of the transfer of technology and issue of shares and convertible notes in Solirna Biosciences Ltd

(For)

(Against)

Resolution 2 – Approval of the payment of directors' fees by issue of fully paid shares

(For)

(Against)

Signed this _____ day of _____ 2009.

Signature of Shareholder(s) _____

Witness Signature, Address and Occupation (if necessary – see Note 4) _____

NOTES

1. A shareholder entitled to attend and vote at the Special Meeting of shareholders is entitled to appoint a proxy to attend and vote on behalf of the shareholder. Such appointment must be in writing.
2. In the case of joint holders, the names of all holders must be recorded on the Proxy form.
3. A proxy need not be a shareholder of the Company. The Chairman of the Meeting is willing to act as proxy.
4. This form must be signed by the shareholder (including all joint holders) or an attorney duly authorised in writing, or, if a corporation, by two directors or by an officer or duly authorised attorney whose signature must be witnessed.
5. A body corporate may appoint a corporate representative to attend the meeting on its behalf. Notice of such appointment must be given to the Company in the same manner and by the same time as a notice of appointment of a proxy.
6. A proxy and power of attorney or other authority, if any, under which it is signed must be deposited at or sent to the Share Registrar:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92 119, Auckland 1020
Facsimile +64 9 488 8787

Computershare Investor Services Pty Limited,
GPO Box 7045, Sydney,
NSW 1115.
Australia
Facsimile +61 2 8234 5050

for receipt by 10.30am on 21 October 2009 [48 hours prior to start of the meeting] at the latest. Proxies lodged after that time will not be treated as valid.

TEAR
