



DECMIL GROUP LIMITED

ABN 35 111 210 390

NOTICE OF ANNUAL GENERAL MEETING

- TIME:** 10:00AM (WST)
- DATE:** 18 November 2015
- PLACE:** Decmil Group Limited
Head Office
20 Parkland Road
OSBORNE PARK WA 6017



This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9368 8877.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on Wednesday, 18 November 2015 at:

Decmil Group Limited
Head Office
20 Parkland Road
OSBORNE PARK WA 6017

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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 member appointed 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that pursuant to sections 250BB and 250BC of the Corporations Act:

- (a) if a proxy holder votes, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10am (WST) on Wednesday, 18 November 2015 at Decmil Group Limited Head Office, 20 Parkland Road, Osborne Park, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST time) on 16 November 2015.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DENIS CRIDDLE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Denis Criddle, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 3 – ADOPTION OF INCENTIVE PLAN 2015

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to establish and maintain an incentive plan titled "Incentive Plan 2015" (**Plan**) and for the issue of securities from time to time under the Plan as an exception to ASX Listing Rule 7.1, on the terms and conditions set out in the Explanatory Statement."*

Key Reasons for Resolution:

- Adoption of a new Incentive Plan is required to refresh the approval obtained for the adoption of the performance rights plan in 2012.
- The proposed Incentive Plan is a broader based plan than the plan adopted in 2012 and provides the Board with greater flexibility to issue rights, options or restricted shares to Eligible Employees.
- Adoption of an Incentive Plan that ensures both Eligible Employees and the Company benefit from recent changes in legislation.

RESOLUTION 4 – GRANT OF RESTRICTED RIGHTS TO THE CHIEF EXECUTIVE OFFICER IN LIEU OF CASH (DEFERRED SHORT TERM INCENTIVE)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of Restricted Rights to Mr Scott Criddle in satisfaction of his short term remuneration award for FY16, FY17 and FY18 in lieu of the payment of cash, on a deferred basis and otherwise on the terms summarised in the Explanatory Statement."

Key Reasons for Resolution:

- Issue of securities rather than payment of cash supports the desired objective of a share accumulation program by the Chief Executive Officer establishing greater alignment with Shareholder interests.
- Cost effective form of remuneration as cash is retained within the Company.
- Deferral of the Restricted Rights for one year allows for a clawback by the Company in the event of fraud, gross misconduct or misstatement.

RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO THE CHIEF EXECUTIVE OFFICER (LONG TERM INCENTIVE)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of Performance Rights to Mr Scott Criddle for his long term remuneration award, on the terms summarised in the Explanatory Statement."

Key Reasons for Resolution:

- To retain the existing LTI program but to vary the vesting hurdles to ensure they are more realistic and achieve the desired motivational and retention outcomes. The proposed hurdles for vesting of the Performance Rights are considered appropriate for what is expected to be very difficult trading conditions.
- Issue of securities rather than payment of cash is more closely aligned with Shareholder interests.
- Cost effective form of remuneration as cash is retained within the Company.

RESOLUTION 6 – GRANT OF RESTRICTED SHARES TO THE CHIEF EXECUTIVE OFFICER (ONE OFF RETENTION AWARD)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of 2.5 million Restricted Shares to Mr Scott Criddle (or his nominee), on the terms summarised in the Explanatory Statement."

Key Reasons for Resolution:

- The Board wishes to secure the Chief Executive Officer with the Company to at least 30 June 2020 and avoid the disruption, cost and culture issues of having to recruit a new Chief Executive Officer during a period that will require innovative solutions and strategies for new business building.
- The accumulation of a substantial number of Shares in the Company is an incentive that strongly motivates the Chief Executive Officer and will further align his interests with Shareholders.
- The milestones for vesting of the Restricted Shares includes requiring the Chief Executive Officer to acquire and hold a minimum of 2 million Shares in the Company (in addition to any Incentive Securities he has been, or will be, granted) within 2 years and retain that shareholding for a further 2 years.
- Restricted Rights have hurdles aimed at retaining the Chief Executive Officer for at least the next 5 years and ensuring a strong succession plan is developed for the Company.

VOTING EXCLUSIONS AND PROHIBITIONS FOR RESOLUTIONS

Voting Exclusions

Resolutions 3 - 5

The Company will disregard any votes cast on Resolutions 3 to 5 (inclusive) by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6

The Company will disregard any votes cast on Resolution 6 by Mr Scott Criddle and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibitions

A vote on Resolutions 1 and 3 to 6 (inclusive) must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**voter**) described above may cast a vote on the Resolutions as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on the Resolutions; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolutions; and
 - (ii) expressly authorises the Chair to exercise the proxy even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Board Recommendations

The Board (other than Mr Scott Criddle who declines to make a recommendation in respect to Resolutions 4 to 6 (inclusive) as a result of his material personal interest in those Resolutions) recommends the passing of the Resolutions for the reasons detailed in the Explanatory Statement and in particular in Section 3 and 5.5 of the Explanatory Statement.

DATED: 9 OCTOBER 2015
BY ORDER OF THE BOARD



ALISON THOMPSON
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on the Company's website at www.decmil.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the directors or the company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company including service agreements and details of any share based compensation. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2015.

The Chair of the Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the remuneration report at the Annual General Meeting.

2.2 Voting consequences

Pursuant to the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

2.3 Previous voting results

At the Company's 2014 Annual General Meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DENIS CRIDDLE AS A DIRECTOR

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. This rule does not apply to the managing director.

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 5 Directors subject to rotation (excluding Scott Criddle as Managing Director) and accordingly, 2 must retire.

Mr Trevor Davies was last re-appointed at the Company's 2013 Annual General Meeting and Mr Denis Criddle was last re-elected at the Company's 2013 Annual General Meeting and have been the longest in office since re-election.

Mr Trevor Davies retires by rotation and will not seek re-election at this Annual General Meeting. Mr Denis Criddle retires by rotation and seeks re-election pursuant to Resolution 2. A profile of Mr Criddle is set out below.

Mr Denis Criddle

Denis was appointed as Non-Executive Chairman in September 2009 and resigned in November 2011 but remained a Non-Executive Director of the Company. Denis is the founder of Decmil Australia Pty Ltd which was acquired by Decmil Group Limited in July 2007. A civil engineer with more than 30 years' experience in the civil construction and maintenance industry in the Northwest of Western Australia and Queensland, Denis has been involved in rural investments and local Government. He was elected Shire President of the Roebourne Shire Council during the development years of oil and gas expansion in the Karratha region.

The Board recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ADOPTION OF INCENTIVE PLAN 2015

Resolution 3 seeks Shareholder approval for the adoption of the incentive plan titled "*Incentive Plan 2015*" (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

At the 2012 Annual General Meeting, Shareholders approved the adoption of the Performance Rights Plan 2012 under which eligible participants could be granted Performance Rights to acquire Shares in the Company subject to satisfaction of various vesting conditions.

The Company seeks Shareholder approval for the adoption of the Plan in order to renew the approval obtained pursuant to ASX Listing Rule 7.2 (exception 9(b)).

If Resolution 3 is passed, the Company will be able to issue Incentive Securities under the Plan to Eligible Employees over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The Plan is a broad based plan that permits the Board to issue Incentive Securities to Eligible Employees. The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate, reward and retain Eligible Employees in the course of their employment with the Company. The Board is able to set performance hurdles as part of the Incentive Securities to further align Eligible Employee's interests with that of Shareholders.

In the case of a Director, no securities will be issued pursuant to the Plan without separate prior Shareholder approval under ASX Listing Rule 10.14.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. Shareholders are invited to contact the Company if they have any queries or concerns.

In respect to the 2009 performance rights plan that was adopted at the 2009 Annual General Meeting, a total of:

- (a) 3,965,542 Performance Rights have been issued; and
- (b) 1,090,037 Shares have been issued on vesting of the Performance Rights.

Since approval of the 2012 performance rights plan at the 2012 Annual General Meeting:

- (a) a total of 5,159,356 Performance Rights have been issued; and
- (b) zero Shares have been issued on vesting of Performance Rights issued since the 2012 Annual General Meeting.

Given only 1,090,037 Shares have been issued in respect to a total of 9,124,898 Performance Rights granted during a time when the Company experienced growth, performed well, and, had positive Shareholder returns, it became apparent to the Board that the hurdles that were set for Performance Rights issued under each of the 2009 and the 2012 performance rights plans were not effective as a reward tool and, as a result, Eligible Employees did not consider the Plans as a motivating tool.

Accordingly, the Board has reviewed and adjusted the hurdles for vesting of the Performance Rights to be issued under the Incentive Plan 2015 to ensure that they are appropriate, fair and motivating for recipients. These adjusted hurdles are reflected in

the Performance Rights proposed to be issued to Mr Scott Criddle pursuant to Resolution 5.

5. RESOLUTIONS 4 - 6

5.1 Background

Mr Scott Criddle was the Managing Director of Decmil Australia Pty Ltd for 13 years and has been the Chief Executive Officer of the Company for over 6 years.

During this period of almost 20 years, the Company has developed from a small regional engineering firm with a turnover of approximately \$336m in FY10 to a multi-disciplinary national and international operator with a turnover of approximately \$666m in FY15. Mr Scott Criddle's influence and commitment has been instrumental in achieving this growth and development.

Developing and implementing new strategies, winning new business and maintaining strong relationships with existing customers are the keys to success in the current and near term challenging market. The Board considers Mr Scott Criddle as a proven winner of new business and it is of the firm view that it is strategically important for him to continue in his role as Chief Executive Officer for, at least, the next 5 years.

The Board wishes to ensure Mr Scott Criddle's commitment for another 5 years to avoid the disruption, cost and culture issues of having to recruit a new Chief Executive Officer during a period that will require innovative solutions and strategies for new business building. Securing Mr Scott Criddle for another 5 years, will take his tenure as Chief Executive Officer of the Company to at least 11 years.

Following the 2014 Annual General Meeting, the Board held discussions with Mr Scott Criddle in respect to motivating and retaining him in his position with the Group and rewarding him for achieving results and strategies set by the Board.

The key objective arising from those discussions was to achieve a remuneration package that was focussed on:

- (a) motivating Mr Scott Criddle to achieve milestones, and, deliver on strategy, as set by the Board;
- (b) retaining Mr Scott Criddle for at least another 5 years given his proven track record and belief that his role is of vital importance to the Company's performance over this period;
- (c) ensuring Mr Scott Criddle accumulates and holds an optimal level of shareholding in the Company, further aligning his interest with that of Shareholders; and
- (d) developing a senior leadership team so that an internal Chief Executive Officer alternate is available when Mr Scott Criddle retires from the role.

During these discussions, Mr Scott Criddle indicated that he regarded Share accumulation as his key financial motivator. Accordingly, in order to facilitate this outcome, he has agreed that, for the next three years, his TFR will not exceed the amount he received in 2015. He has also agreed to accept Performance Rights in lieu of his cash STI entitlement, and accumulate additional Shares in his own right. The Board strongly endorsed that sentiment and considered that his remuneration package should be tailored to that motivational driver.

Following discussions with Mr Scott Criddle, the Board sought an independent analysis of Chief Executive Officers' shareholdings amongst comparable companies and advice as to appropriate and common remuneration structures for Chief Executive Officers. Following those detailed considerations, the Board resolved to adopt the various changes to the existing arrangements as outlined above, and, also resolved to make a one off retention grant.

The Board also engaged with several key Shareholders in respect to Mr Scott Criddle's proposed remuneration structure and the feedback indicated that Shareholders like to see an alignment between executive and Shareholder interests via executive shareholdings providing the grant of securities to executives are supported by sound rationale such as linking Chief Executive Officer's performance and Shareholder interests. Shareholders viewed favourably the Chief Executive Officer with "skin in the game" and they strongly supported the Board's view that the Chief Executive Officer's long and stable tenure and ongoing involvement in growing the Company was important for the Company's future success.

As detailed in the 2015 Annual Report, the remuneration of Mr Scott Criddle is broken into 3 components; his Total Fixed Remuneration (**TFR**) paid in cash, a short term incentive component (**STI**) and a long term incentive component (**LTI**).

The STI is based on achievement of key performance indicators linked to an incentive payment with final determination post audit results. The key performance indicators are aligned to Company strategy, financial objectives and the annual business plan. Historically, the achievement of short term incentive hurdles has been satisfied via a cash payment.

The LTI comprises the issue of Performance Rights which vest into Shares upon the achievement of determined vesting conditions over a long measurable period.

Further details of Mr Scott Criddle's current executive remuneration package can be found on page 48 of the 2015 Annual Report.

5.2 Proposed changes for FY16

The Board's focus in remunerating the executives of the Company is to:

- (a) reward the executives for achieving results and performance hurdles that are set by the Board;
- (b) motivate the executives to perform in his/her role within the Company; and
- (c) retain the executives within the Company to protect intellectual property and the skill set the individual provides to the Company.

As a result of the investigations and discussions outlined above in section 5.1, the Board considered that the structure of Mr Scott Criddle's remuneration ought to be altered with a heightened focus on rewarding, motivating and retaining him as Chief Executive Officer with the Company at least for the next 5 years and increasing his shareholding within the Company to further align his interest with Shareholders. It also became apparent that the existing structure of the long term incentive milestones were not effective or motivating and as a result, ought to be adjusted to act as a motivating and retention tool for senior executives, including Mr Scott Criddle.

Accordingly, the Company seeks Shareholder approval to implement a number of changes to the Chief Executive Officer's remuneration arrangements for FY16, FY17 and FY18. The primary objective of the proposed changes is to obtain an appropriate balance of motivation, retention and reward within Mr Scott Criddle's remuneration package and, through the issue of additional Incentive Securities as part of the

remuneration package, enhance alignment between the Chief Executive Officer and Shareholder's interests.

The Board considers that the restructured remuneration package for Mr Scott Criddle strikes an appropriate balance of motivating and rewarding Mr Scott Criddle should he achieve set milestones and also assist in his retention with the Company through the imposition of share disposition restrictions and employment hurdles. The achievement of this balance is, in the Board's opinion, in the best interests of Shareholders.

As part of the negotiated package with Mr Scott Criddle, he has agreed that there will be no increase in his Total Fixed Remuneration for FY16, FY17 and FY18.

The proposed changes are set out below:

1. Satisfaction of Short Term Incentive Component through Issue of Restricted Rights rather than payment of cash (Resolution 4)

Historically, the Short Term Incentive (**STI**) component of the Chief Executive Officer's remuneration (ie 50% of TFR, being \$427,500) has been paid in cash around September following the release of audited results. It is proposed that for FY16, FY17 and FY18, 100% of any STI award earned during FY16, FY17 and FY18 will be deferred for 12 months and will be satisfied by the issue of Restricted Rights instead of a cash award.

The incorporation of STI deferral also allows the Company to clawback any unvested awards in the event of fraud, gross misconduct or material misstatement by the Chief Executive Officer.

2. Variation of milestones attaching to Performance Rights issued for FY15, FY16, FY17 and FY18 (Resolution 5)

The milestones attaching to the Performance Rights to be issued for FY15, FY16, FY17 and FY18 will be altered from the Performance Rights issued with approval at the 2012 Annual General Meeting as follows:

- a) replacement of the Relative Total Shareholder Return (**TSR**) performance hurdle (40%) with an Absolute TSR performance hurdle. TSR is an appropriate measure as it focusses on share price appreciation and dividends, both of which are important to shareholder constituents. For executives to realise value, absolute TSR provides a clear share price growth hurdle and allows the company to set targets in line with its business plan. In comparison, relative TSR is inferior as an LTI performance measure due to its reliance upon a limited number of appropriate comparator companies and the potential volatility in shareholder returns;
- b) adjustment of the Earnings per Share (**EPS**) hurdles (40%) in line with the current market expectations; and
- c) inclusion of a performance hurdle (20%) relating to continuous employment with the Group. This performance hurdle is focused on retention of executives who are considered valuable to the long term success of the Company.

3. One-off Retention Share Grant (Resolution 6)

The Company is proposing to make a one-off retention grant to the Chief Executive Officer. Under the proposal, the Chief Executive Officer will receive Restricted Shares which will vest in equal proportions two and four years from grant date subject to the achievement of certain hurdles.

The hurdles include:

- (a) continued employment with the Group, which is in line with the Board's 5 year strategy to retain Mr Scott Criddle. This is further enhanced by the inability for Mr Scott Criddle to trade the Restricted Shares, even once vested, until at least June 2020;
- (b) an obligation for Mr Scott Criddle to acquire in his own right and hold a minimum of 2 million Shares in the Company in addition to any Incentive Securities (**Unrestricted Shares**) within 2 years after issue of the Restricted Rights and continue to hold 2 million Unrestricted Shares 4 years after issue of the Restricted Rights. As at the date of this Notice, Mr Scott Criddle currently holds 598,515 Unrestricted Shares in the Company. He will therefore be required to acquire an additional 1,401,485 Shares within 2 years from the date of issue of the Restricted Shares, for the Restricted Shares to vest; and
- (c) developing a succession plan, approved by the Board, for all executive leadership team positions, including the Chief Executive Officer, 2 years from the date of grant of the Restricted Shares and which must be in place and effective 4 years from the date of grant of the Restricted Shares.

This one off retention grant is one of the mechanisms proposed by the Board to assist with the retention of the Chief Executive Officer, who is considered key to the long-term success of the Company.

5.3 Why is Shareholder approval being sought for Resolution 4, 5 and 6?

Resolutions 4, 5 and 6 propose the issue of Incentive Securities to Mr Scott Criddle as part of his remuneration.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the "reasonable remuneration" exception provided by Section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of the equity securities proposed to be issued pursuant to Resolutions 4, 5 and 6 for the purposes of Section 208 of the Corporations Act.

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or the related party, is in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. As the grant of the Restricted Shares (Resolution 6) involves the issue of securities to a related party of the Company and will be issued outside an incentive plan, Shareholder approval pursuant to ASX Listing Rule 10.11 is required.

ASX Listing Rule 10.14 requires Shareholder approval in order for a Director to be issued equity securities in the Company under an employee incentive scheme.

Shareholders are asked to approve:

- (a) the grant of Restricted Rights under the Plan (Resolution 4) in satisfaction of Mr Scott Criddle's STI component of his remuneration package for FY16, FY17 and FY18; and
- (b) the grant of Performance Rights under the Plan (Resolution 5) in satisfaction of Mr Scott Criddle's LTI component of his remuneration package for FY15, FY16, FY17 and FY18. Shareholder approval is being sought for FY15 because whilst approval was obtained at the 2012 Annual General Meeting for the issue of

Performance Rights to Mr Scott Criddle for FY15, no Performance Rights have been issued to him for FY15 because the parameters of that Shareholder approval are no longer applicable and cannot be relied upon by the Company.

Approval of Resolutions 4, 5 and 6 will also result in the Restricted Rights, Performance Rights and Restricted Shares granted to Mr Scott Criddle being an exception to ASX Listing Rule 7.1.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.11 (in respect to Resolution 6) and ASX Listing Rule 10.15A in respect to Resolutions 4 and 5), the following information is provided in relation to the proposed grants of Incentive Securities to Mr Scott Criddle.

Resolution 4 - Key terms of the Restricted Rights grant (Deferred STI for FY16, FY17 and FY18)	
TERM	DETAIL
Details of the proposed Restricted Rights grant	<p>The total maximum value of the proposed deferred STI grant to Mr Scott Criddle for each of FY16, FY17 and FY18 is \$427,500. This amount represents 100% of Mr Scott Criddle's total STI opportunity for FY16, FY 17 and FY18.</p> <p>The actual <u>number</u> of Restricted Rights proposed to be granted will be calculated by dividing the actual STI earned for FY16, FY17 or FY18 (as the case may be) by the volume weighted average price (VWAP) of the Shares traded on ASX over the 60 trading days up to, but not including, the date of grant of the Restricted Rights.</p> <p>Accordingly, the actual number of Restricted Rights to be issued to Mr Scott Criddle will not be known until the end of each of FY16, FY17 and FY18 when the STI is determined (if any) and will also depend on the Share price at the time of grant.</p>
Entitlements	<p>Each Restricted Right is a right to acquire one Share in the Company, subject to the satisfaction of the vesting criteria over the deferral period set out below.</p> <p>Restricted Rights do not carry any dividend or voting rights and are non-transferable, except in limited circumstances or with the consent of the Board.</p>
Date of grant	<p>If Shareholder approval is obtained, the Restricted Rights will be granted to Mr Scott Criddle over the next 3 years on or around:</p> <ul style="list-style-type: none"> (a) 1 October 2016 in respect of the FY16; (b) 1 October 2017 in respect of the FY17; and (c) 1 October 2018 in respect of the FY18.
Deferral period	12 months from the date of grant of Restricted Rights.
Vesting criteria	Restricted Rights will vest at the end of the deferral period, subject to Mr Scott Criddle's continued employment with the Company (refer "Cessation of employment" for the treatment of unvested Restricted Rights in certain circumstances).

Resolution 5 - Key terms of the Performance Rights grant (Long Term Incentive for FY15, 16, 17 &18)

TERM	DETAIL
<p>Details of the proposed LTI grant</p>	<p>Performance Rights will be granted for the financial year ended 30 June 2015 (FY15) and each of the next 3 financial years ending 30 June 2016, 2017 and 2018 (each a Relevant Financial Year).</p> <p>It is proposed that Mr Scott Criddle will be issued 1,103,981 Performance Rights in respect to FY15. Whilst approval was obtained at the 2012 Annual General Meeting for the issue of Performance Rights to Mr Scott Criddle for FY15, no Performance Rights have been issued to him for FY15 because the parameters of that Shareholder approval are no longer applicable and cannot be relied upon by the Company. Accordingly, Shareholder approval is required at this Meeting for the issue of the 1,103,981 Performance Rights in respect to FY15. The number of Performance Rights was determined by reference to the VWAP at the date the Board resolved to issue the Performance Rights to Mr Scott Criddle.</p> <p>The total value of the proposed grant to Mr Scott Criddle for each of FY16, FY17 and FY18 will be \$1,285,500. This amount represents 150% of Mr Scott Criddle's total fixed remuneration (TFR) (as agreed with the Board) for FY16, FY17 and FY18 (LTI Grant Value).</p> <p>The actual <u>number</u> of Performance Rights proposed to be granted for each Relevant Financial Year will be calculated by dividing the LTI Grant Value by the VWAP of the Company's Shares traded on ASX over the 60 trading days up to, but not including, the date of grant of the Performance Rights.</p>
<p>Entitlements</p>	<p>Each Performance Right is a right to acquire one Share in the Company (or an equivalent cash amount if determined by the Board) upon vesting, subject to the achievement of the performance conditions set out below.</p> <p>Performance Rights do not carry any dividend or voting rights and are non-transferable, except in limited circumstances or with the consent of the Board.</p>
<p>Date of grant</p>	<p>If Shareholder approval is obtained, the Performance Rights will be granted to Mr Scott Criddle over the next 3 years on or around:</p> <ul style="list-style-type: none"> (a) as soon as practicable after the Meeting, in respect to the FY15; (b) 1 October 2016 in respect of the FY16; (c) 1 October 2017 in respect of the FY17; and (d) 1 October 2018 in respect of the FY18.
<p>Performance Period</p>	<p>The Performance Rights will vest in 3 tranches (Tranches), subject to the satisfaction of the performance hurdles (described below) over the relevant performance period for each tranche.</p>

	<p>For each performance condition, the performance period for each tranche is as follows:</p> <ul style="list-style-type: none"> • Tranche 1 (25%) – 2 year performance period, commencing on 1 July of the Relevant Financial Year. • Tranche 2 (25%) – 3 year performance period, commencing on 1 July of the Relevant Financial Year. • Tranche 3 (50%) – 4 year performance period, commencing on 1 July of the Relevant Financial Year, <p>(the Performance Periods).</p>															
<p>Performance hurdles</p>	<p>The Performance Rights in each Tranche are subject to three performance hurdles which are independent and will be tested separately over each relevant Performance Period.</p> <p>(1) Earnings per share (EPS) performance</p> <p>40% of the Performance Rights in each Tranche will be subject to an EPS hurdle, based on the Company’s growth in EPS over the relevant Performance Period (EPS Hurdle) (see below for detail of the Performance Periods for this grant).</p> <p>Broadly, EPS measures the earnings generated by the Company attributable to each Share on issue.</p> <p>The compound annual growth in the Company’s EPS over the relevant Performance Period will be measured by comparing the underlying EPS in the base year (being the year when the Performance Rights are granted) to underlying EPS results in the “test years”, being FY16, FY17, FY18 and FY19 (as applicable).</p> <p>The percentage of Performance Rights in each Tranche subject to the EPS Hurdle that vest, if any, will be determined by reference to the EPS achieved over the Performance Period compared to the Company’s targets, as follows:</p> <table border="1" data-bbox="464 1373 1445 1989"> <thead> <tr> <th data-bbox="464 1373 879 1563">Compound annual growth in EPS over the relevant Performance Period</th> <th data-bbox="879 1373 1161 1563"></th> <th data-bbox="1161 1373 1445 1563">Performance Rights in each Tranche subject to EPS Hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1563 879 1630">Maximum % or above</td> <td data-bbox="879 1563 1161 1630">8% p.a. or above</td> <td data-bbox="1161 1563 1445 1630">100%</td> </tr> <tr> <td data-bbox="464 1630 879 1821">Between threshold and maximum %</td> <td data-bbox="879 1630 1161 1821">6% to 8% p.a.</td> <td data-bbox="1161 1630 1445 1821">Progressive pro rata vesting between 25% to 100% (i.e., on a straight line basis)</td> </tr> <tr> <td data-bbox="464 1821 879 1888">Threshold %</td> <td data-bbox="879 1821 1161 1888">6%</td> <td data-bbox="1161 1821 1445 1888">25%</td> </tr> <tr> <td data-bbox="464 1888 879 1989">Below threshold %</td> <td data-bbox="879 1888 1161 1989">Less than 6% p.a.</td> <td data-bbox="1161 1888 1445 1989">0%</td> </tr> </tbody> </table>	Compound annual growth in EPS over the relevant Performance Period		Performance Rights in each Tranche subject to EPS Hurdle that vest (%)	Maximum % or above	8% p.a. or above	100%	Between threshold and maximum %	6% to 8% p.a.	Progressive pro rata vesting between 25% to 100% (i.e., on a straight line basis)	Threshold %	6%	25%	Below threshold %	Less than 6% p.a.	0%
Compound annual growth in EPS over the relevant Performance Period		Performance Rights in each Tranche subject to EPS Hurdle that vest (%)														
Maximum % or above	8% p.a. or above	100%														
Between threshold and maximum %	6% to 8% p.a.	Progressive pro rata vesting between 25% to 100% (i.e., on a straight line basis)														
Threshold %	6%	25%														
Below threshold %	Less than 6% p.a.	0%														

While the Board believes the above targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, given forecasted performance of the Company, the Board retains a discretion to adjust the methodology or accounting adjustments in determining satisfaction of the EPS performance hurdle as required to ensure that Mr Scott Criddle (and all other holders of Performance Rights) are neither advantaged nor disadvantaged by matters outside management's control that materially affect EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

(2) Absolute total shareholder return (TSR) performance

40% of the Performance Rights in each Tranche will be subject to a TSR hurdle, based on the Company's growth in TSR over the relevant Performance Period (**TSR Hurdle**) (see below for detail of the Performance Periods for this grant).

Broadly, TSR measures the growth in the Company's Share price together with the value of dividends during the period, assuming that all dividends are re-invested into new Shares.

The percentage of Performance Rights in each Tranche subject to the TSR Hurdle that vest, if any, will be determined by reference to annual TSR growth over the relevant Performance Period compared to the Company's targets, as follows:

Compound annual growth in TSR performance over the relevant Performance Period		Performance Rights in each Tranche subject to TSR Hurdle that vest (%)
Maximum % or above	11% p.a.	100%
Between threshold and maximum %	7% to 11% p.a.	Progressive pro rata vesting between 25% to 100% (i.e., on a straight line basis)
Threshold %	7%	25%
Below threshold %	Less than 7% p.a.	0%

While the Board believes the above targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, given forecasted performance of the Company, the Board retains discretion to adjust the methodology or accounting adjustments in determining satisfaction of the TSR Hurdle to ensure that Mr Scot Criddle (and all other holders of Performance Rights) are neither advantaged nor disadvantaged by matters outside management's control that materially affect TSR.

	<p>(2) Continuous Employment</p> <p>20% of the Performance Rights in each Tranche will be subject to continued employment with the Group. These Performance Rights will vest if Mr Scott Criddle remains employed with the Group three years after the financial year of which the grant of the Performance Rights were made.</p> <p>Refer 'Cessation of employment" for the treatment of unvested Performance Rights if Mr Scott Criddle ceases employment before the end of the relevant performance period.</p>
<p>Testing of performance conditions and vesting</p>	<p>Performance Rights will be tested following the announcements of the Company's full-year results, which is typically around August each year.</p> <p>Any Performance Rights that do not vest, following testing at the end of the Performance Period in respect of each Tranche, will rollover for re-assessment to the next available testing date. Unvested Performance Rights will lapse after the final vesting date.</p>

Resolution 6 - Key terms of the Restricted Shares grant (One-off Retention award)	
TERM	DETAIL
Details of the proposed Retention Share grant	<p>The total number of Restricted Shares proposed to be granted in FY16 to Mr Scott Criddle (or his nominee) is 2.5 million. This amount consists of:</p> <ul style="list-style-type: none"> • Tranche 1: 1.25 million Restricted Shares which will vest and become unrestricted two years from the date of grant, subject to satisfaction of the vesting criteria set out below; and • Tranche 2: 1.25 million Restricted Shares which will vest and become unrestricted four years from the date of grant, subject to satisfaction of the vesting criteria set out below. <p>The Company's obligation to make the grant of Restricted Shares may be satisfied by issuing new Shares or acquiring the Shares on market.</p> <p>Shares issued on vesting of Restricted Shares may not be traded until after 30 June 2020.</p>
Entitlements	<p>Dividends will accrue during the restriction period and will be payable upon vesting of each tranche (subject to satisfaction of the vesting criteria).</p> <p>Restricted Shares are non-transferable, except in limited circumstances or with the consent of the Board.</p>
Date of grant	<p>If Shareholder approval is obtained, the Restricted Shares will be granted to Mr Scott Criddle (or his nominee) as soon as practicable after the Meeting, but in any event, within 1 month of the Meeting.</p>
Vesting criteria	<p>The Restricted Shares are subject to three separate vesting criteria (Vesting Criteria), all of which must be achieved in order for any vesting (and lifting of restrictions) to occur.</p> <p>(1) Share ownership requirement</p> <p>Mr Scott Criddle is required to acquire and retain a minimum of 2 million Shares (Unrestricted Shares) in the Company by the date which is 2 years from the date of grant of the Restricted Shares in order for the Restricted Shares in Tranche 1 to vest. Mr Scott Criddle must maintain a holding of at least 2 million Unrestricted Shares at the date which is 4 years from the date of grant of the Restricted Shares in order for the Restricted Shares in Tranche 2 to vest.</p> <p>Unrestricted Shares comprises of Shares held directly by Mr Scott Criddle or by entities controlled by Mr Scott Criddle but EXCLUDES any Shares issued on vesting of Incentive Securities.</p> <p>As at the date of this Notice, Mr Scott Criddle currently holds 598,515 Unrestricted Shares in the Company. He will therefore be required to acquire an additional 1,401,485 Shares within 2 years from the date of issue of the Restricted Shares, for the Restricted Shares to vest.</p> <p>(2) Succession planning requirement</p> <p>Mr Scott Criddle is required to have a succession plan approved by the Board, for all executive leadership team positions (including the position</p>

	<p>of Chief Executive Officer), by the date which is 2 years from the date of grant of the Restricted Shares in order for any Restricted Shares in Tranche 1 to vest. The succession plan must still be in place and effective at the date which is 4 years from the date of grant of the Restricted Shares in order for any Restricted Shares in Tranche 2 to vest.</p> <p>(3) Employment conditions</p> <p>The vesting of Restricted Shares, in both Tranches, is also subject to Mr Scott Criddle’s continued employment with the Company (refer “Cessation of employment” for the treatment of unvested Restricted Shares if Mr Scott Criddle ceases employment with the Company before the end of the relevant period).</p>
Vesting schedule	<p>Vesting of the Restricted Shares will occur subject to the Board determining that the Vesting Criteria have been satisfied in 2 equal tranches, as follows:</p> <ul style="list-style-type: none"> • Tranche 1 (50%) – 2 years from the date of grant of the Restricted Shares; and • Tranche 2 (50%) – 4 years from the date of grant of the Restricted Shares. <p>Any Restricted Shares that do not vest will be forfeited immediately, in accordance with the terms on which they are issued.</p>

The following additional terms applies to all Restricted Rights, Performance Rights and Restricted Shares that are issued pursuant to Resolution 4, 5 and 6.

Cessation of employment	<p>If Mr Scott Criddle ceases employment with the Company as a ‘good leaver’, all unvested Incentive Securities will remain on foot until the end of the original deferral period (i.e., are not pro-rated for time) and become exercisable at that time.</p> <p>If Mr Scott Criddle ceases employment with the Company for any other reason, all of his unvested Incentive Securities will automatically lapse, subject to Board discretion.</p> <p>The Board also has a broader discretion to apply any another treatment that it deems appropriate in the circumstances.</p>
Change of control	<p>Where a change of control event occurs in respect to the Company, the Board, in its absolute discretion, may determine the treatment of any unvested Incentive Securities and the timing of such treatment. Where the Board does not exercise its discretion to determine a particular treatment, all unvested Incentive Securities will vest on the change of control.</p>
Clawback	<p>Unvested Incentive Securities may be clawed back, at the discretion of the Board, in the event of fraud, gross misconduct or material misstatement.</p>

Allocation of Shares upon vesting	<p>Following the vesting of Incentive Securities, one fully paid ordinary share in the Company will be allocated in relation to each Incentive Security which is vested, to Mr Scott Criddle (or his nominee).</p> <p>The Company's obligation to allocate Shares on vesting may be satisfied by issuing new Shares, acquiring Shares on market or transferring Shares from an employee share trust.</p>
Trading restrictions	<p>Shares allocated on vesting of the Incentive Securities will be subject to disposal restrictions (to be lifted on the earlier of 15 years from the date of grant or cessation of employment) and subject to compliance with the Company's Share Trading Policy.</p>
Price payable for securities	<p>No amount will be payable by Mr Scott Criddle upon grant or vesting of the Incentive Securities, unless the Board determines otherwise.</p>

5.4 Additional Information required by ASX Listing Rules

No other Director of the Company is eligible to participate under the Plan.

A performance rights plan was approved by shareholders at the 2009 Annual General Meeting and subsequently, at the 2012 Annual General Meeting. At the 2009 Annual General Meeting Shareholders approved the granting to Mr Scott Criddle of Performance Rights under the 2009 Performance Rights Plan. 1,282,239 Performance Rights were granted to Mr Scott Criddle under the 2009 Performance Rights Plan and 696,790 Shares vested to Mr Scott Criddle in respect of those Performance Rights. At the 2012 Annual General Meeting Shareholders approved the granting to Mr Scott Criddle of Performance Rights under the 2012 Performance Rights Plan. Since that approval was obtained 1,399,157 Performance Rights have been granted to Mr Scott Criddle and no Shares have vested to Mr Scott Criddle in respect to those Performance Rights. No amount was payable by Mr Scott Criddle for the grant of those Performance Rights. No other Director has received Performance Rights under the 2012 Performance Rights Plan.

There is no loan scheme in relation to the grant of any of the Restricted Rights, Performance Rights or Restricted Shares.

Details of the Performance Rights and Restricted Rights issued under the Plan and approved under ASX Listing Rule 10.14 will be published in each annual report of the Company relating to the period in which the Securities have been issued and that approval for the issue of Securities was obtained under ASX Listing Rule 10.14. Any additional Director, associate of the Director or a person whose relationship with the Company, Director or associate of the Director is such that approval should be obtained, who becomes entitled to participate in the Plan after this Meeting and who was not named in this Notice of Meeting will not be entitled to participate under the Plan until approval is obtained under ASX Listing Rule 10.14.

5.5 Board Recommendations

The Board (other than Mr Scott Criddle) who declines to make a recommendation given his material personal interest in the outcome of the Resolutions), recommends that Shareholders vote in favour of Resolutions 4, 5 and 6 for the following reasons:

- (a) it is appropriate for the Chief Executive Officer's remuneration to have components that are "at risk" and subject to performance hurdles to better align his interests with the Shareholders;
- (b) the grant of the Incentive Securities as part of the Chief Executive Officer's remuneration package are a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternate cash forms of remuneration were given to Mr Scott Criddle;
- (c) the issue of the Incentive Securities pursuant to Resolutions 4, 5 and 6 will assist with the retention and motivation of Mr Scott Criddle as Chief Executive Officer with the Company, who is considered key to the long term success of the Company for the reasons set out in this Explanatory Statement and in particular, section 5.1 of the Explanatory Statement; and
- (d) the Board took into account the nature of Mr Scott Criddle's position, the function and purpose of each of the components of Mr Scott Criddle's remuneration and of the Company's remuneration strategy, benchmarking against the practices of its Australian peer companies and other relevant information in determining the remuneration package for Mr Scott Criddle as contemplated pursuant to these Resolutions.

6. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9368 8877 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian **dollars**.

2015 Annual Report means the annual report of the Company for the year ended 30 June 2015.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Change of Control occurs where there is a takeover bid for the Shares or another transaction, event or state of affairs that in the Board's opinion is likely to result in the change in control (as defined in the Corporations Act) of the Company.

Closely Related Party of a member of the Key Management Personnel, a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Decmil Group Limited (ACN 111 210 390).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Employee means an employee of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of Incentive Securities under the Plan.

Explanatory Statement means the explanatory statement accompanying the Notice.

Group means the Company and each Related Body Corporate (as defined in the Corporations Act) of the Company.

Incentive Securities means one or more of Performance Rights, options or Restricted Shares that may be issued under the Incentive Plan Rules 2015.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

LTI means long term incentive.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Performance Right means a performance right that is issued pursuant to the 2009 Performance Rights Plan, 2012 Performance Rights Plan or the Plan.

Plan means the employee incentive plan titled *Incentive Plan Rules 2015* to be adopted pursuant to Resolution 3 as summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 30 June 2015.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Restricted Rights means rights that vest into Shares upon satisfaction of certain vesting criteria that are proposed to be issued pursuant to Resolution 4.

Restricted Shares means Shares that are subject to vesting conditions that are proposed to be issued pursuant to Resolution 6.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

STI means short term incentive.

TFR means total fixed remuneration.

SCHEDULE 1 – SUMMARY OF INCENTIVE PLAN RULES 2015

The key terms of the Incentive Plan Rules 2015 are as follows:

- (a) **Eligibility:** Participants of the Plan are employees of the Group including a Director employed in an executive capacity, or any other person who is declared by the Board to be eligible to receive a grant of incentive securities under the Plan (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion in exercising powers under the Plan.
- (c) **Securities that can be issued:** The Board may resolve to issue any one or more of:
 - (i) performance rights;
 - (ii) options, and
 - (iii) restricted shares,(collectively, referred to as **Incentive Securities**),
under the terms of the Plan and/or any additional or alternate terms as the Board determines and as set out in the offer to the Participant.
- (d) **Offer:** The Board may make an offer to a Participant to participate in the Plan. The offer will contain information including:
 - (i) the type and number of Incentive Securities being offered;
 - (ii) the issue price for the Incentive Securities (**Issue Price**) or the manner in which the Issue Price is to be calculated;
 - (iii) any vesting conditions and vesting period applying to the Incentive Securities;
 - (iv) the circumstances in which the Incentive Securities will lapse and the circumstances in which they may be forfeited;
 - (v) how the Incentive Securities may be treated in the event that the Participant ceases employment with the Group;
 - (vi) any restrictions on dealings with the Incentive Securities;
 - (vii) any circumstances in which a Participant's entitlement to Incentive Securities may be reduced or extinguished;
 - (viii) how the offer is to be accepted; and
 - (ix) specify any other terms and conditions attaching to the Incentive Securities.
- (e) **Issue price:** the Issue Price of the Incentive Securities issued under the Plan shall be determined by the Board in its absolute discretion.

- (f) **Plan limit:** The Company must take reasonable steps to ensure that the number of Incentive Securities offered by the Company under the Plan when aggregated with:
- (i) the number of Incentive Securities issued during the previous 3 years under the Plan (or any other employee share plan extended only to Eligible Employees); and
 - (ii) the number of securities in the Company that would be issued if each outstanding offer for securities (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

- (g) **Preventing Inappropriate Benefits:** The Board may determine that any Incentive Security (whether vested or unvested) will lapse or be forfeited (as the case may be) and/or the Participant be required to pay or repay proceeds for sale of Incentive Securities, if the Participant acted fraudulently or dishonestly, engaged in gross misconduct, done an act which has brought the Group into disrepute, breached their duties or obligations to the Group or is convicted of an offence or has a judgement entered against them in connection with the affairs of the Group.
- (h) **Restriction on transfer:** Participants may not sell or otherwise deal with an Incentive Security until any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (i) **Dividends and Other Rights of Shares:** Subject to the terms of any trust deed or Offer, a Participant is entitled to receive all dividends and other distributions or benefits payable to the Participant or to the Trustee in respect of the Shares.
- (j) **Rights attaching to Shares:** Each Share that is issued on exercise of an Option or vesting of a Performance Right shall be issued on the same terms from the issue date except for entitlements and conditions as the Company's issued Shares (other than in respect to transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares which have a record date before the issue date.
- (k) **Cessation of Employment:** The Board may specify in the Offer how the Incentive Securities will be treated on the cessation of employment which may include the Incentive Securities lapsing, being forfeited, vesting, becoming exercisable for a prescribed term or being no longer subject to some of the restrictions.
- (l) **Change of Control of the Company:** Where there is a takeover bid for the Shares in the Company or another transaction, event or state of affairs that in the Board's opinion is likely to result in a change in the control of the Company (**Change of Control**), the Board may determine in its absolute discretion that a Participant's unvested Incentive Securities vest or become unrestricted. Unless the Board determines otherwise, any unvested options will be exercisable for a period specified by the Board and otherwise will lapse and any restrictions imposed on vested Incentive Securities will cease to have effect.
- (m) **Reorganisation and Power to Adjust Incentive Securities:** If at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction of capital or return), all rights of a holder of an Incentive Security are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at

the time of reorganisation. Subject to applicable laws, prior to allocation of Shares to a Participant upon vesting of Performance Rights or exercise of Options, the Board may grant additional Rights or Options or make any adjustments it considers appropriate to the terms of a Right and/or Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action by, or capital reconstruction in relation to, the Company including but not limited to any return of capital.

- (n) **Amendment of Plan:** the Board may at any time by resolution amend the terms or conditions of any Incentive Security or suspend or terminate the Plan. Without the consent of the Participant, the Board may not exercise its powers in a manner which reduces the rights of a Participant in respect of any Incentive Security already granted other than an amendment:
- (i) for the purposes of complying with or confirming to present or future laws governing or regulating the maintenance or operation of the plan or similar plans, in any jurisdiction in which invitations under the Plan have been made;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse ruling from the Commissioner of Taxation, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction or the Commissioner of Taxation.

The Board may waive, amend or replace any vesting condition attaching to an Incentive Security if the Board determines that the original vesting condition is no longer appropriate or applicable provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or disadvantaged relative to the position reasonably anticipated at the time of the grant.



Decmil Group Limited
ABN 35 111 210 390

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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(custodians) www.intermediaryonline.com

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



┌ 000001 000 DCG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (WST) Monday, 16 November 2015

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 or abstain as they choose (to the extent permitted by law). 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 for Postal Forms

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. Delete titles as applicable.

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.investorcentre.com under the help tab, "Printable Forms".

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.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM 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 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Decmil Group 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Decmil Group Limited to be held at Decmil Group Limited Head Office, 20 Parkland Road, Osborne Park, Western Australia on Wednesday, 18 November 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3-6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3-6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3-6 by marking the appropriate box in step 2 below.

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.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Denis Criddle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of Incentive Plan 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Restricted Rights to the Chief Executive Officer in lieu of cash (deferred short term incentive)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to the Chief Executive Officer (long term incentive)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Restricted Shares to the Chief Executive Officer (one off retention award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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 / /