

15 October 2015

Dear Acrux Shareholder,

I am pleased to invite you to attend Acrux's Annual General Meeting, for which the following documents are enclosed:

- Notice of the meeting, including explanatory statement and notes
- A personalised proxy form and return envelope

If you have elected to receive the Annual Report for the year ended 30 June 2015 in printed form, this is enclosed. A copy of the report can also be viewed on our website (www.acrux.com.au).

The Annual General Meeting will be held at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne, on Tuesday 17 November 2015, commencing at 2:00 pm.

If you are able to attend, I look forward to welcoming you and ask you please to bring the personalised proxy form with you to assist registration and admission to the meeting.

If you are unable to attend but wish to appoint a proxy, please either lodge your vote online, following the instructions on the proxy form, or complete the proxy form and return it to the registry in the envelope provided.

I encourage you also to consider electing to receive Acrux communications electronically, which can be done via the registry website (www.linkmarketservices.com.au), or by completing the enclosed election form.

Yours sincerely,



Ross Dobinson
Executive Chairman



ACRUX LIMITED ABN 72 082 001 152

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the members of Acrux Limited will be held at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne, Victoria, Australia on Tuesday 17 November 2015 at 2:00 pm.

AGENDA

Financial Statements and Reports

To receive and consider the financial report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2015.

Adoption of Remuneration Report

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

1. That the Company's remuneration report for the year ended 30 June 2015 be adopted and approved.

Re-election of Bruce Parncutt as Director

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

2. That Bruce Parncutt, who in accordance with clause 56 of the Company's constitution offers himself for re-election as a Director, be re-elected as a Director of the Company.

Grant of options to Employees

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

3. That approval is given for the grant of options, resolved by the Board to be granted under the Company's Employee Share Option Plan.

A copy of the Company's Employee Share Option Plan is attached.

By order of the Board



Sharon Papworth
CFO & Company Secretary
15 October 2015



EXPLANATORY STATEMENT

Receipt of Financial Statements and Reports

The Company's financial report and the reports of the Directors and Auditor for the year ended 30 June 2015 are placed before the meeting, giving shareholders the opportunity to discuss these documents and to ask questions. No resolution is required in respect of these documents.

Resolution 1: Adoption of Remuneration Report

The Corporations Act requires the Directors' report to include certain information relating to Director and executive remuneration in a "remuneration report". The remuneration report can be found at pages 30 to 34 of the Company's 2015 Annual Report. The Corporations Act further requires that each Australian listed public company put to a vote at its annual general meeting a resolution that the remuneration report be adopted. The vote is advisory only and does not bind the Directors of the Company. However if the resolution to adopt the remuneration report receives a "no" vote of at least 25% of the votes cast at two consecutive AGMs, then a resolution must be put to shareholders at the second AGM as to whether another general meeting of the Company should be held within 90 days, at which all Directors (other than the Managing Director) who were in office at the time the board approved the second remuneration report, would need to stand for re-election.

Resolution 2: Re-election of Bruce Parncutt as Director

Bruce Parncutt joined the Board on 30 April 2012 as an independent Non-Executive Director. Bruce is also Chair of the Audit and Risk Committee and member of the Human Capital and Nomination Committee. In accordance with clause 58 of the Company's constitution, Bruce Parncutt retires by rotation and offers himself for re-election.

Bruce Parncutt BSc, MBA has over 40 years' experience in investment management, investment banking and stockbroking including seven years as Chief Executive of listed securities firm McIntosh Securities (1990-1996) and three years as Senior Vice President of Merrill Lynch (1997-1999). His experience includes extensive involvement in financial analysis, merger and acquisition transactions, capital raisings, and investment in companies across a broad spectrum from early stage to mature public companies. He holds a Bachelor of Science, an MBA, and is a Member of the Financial Services Institute of Australasia. Bruce is Chairman of the investment and corporate advisory firm Lion Capital. He is President of The National Gallery of Victoria and a Board Member of the NGV Foundation and the Australian Ballet Company. He was previously a Director of ASX listed Stuart Petroleum Limited (from Aug 2010 to May 2011) and was Director of McIntosh Securities Limited, Australian Stock Exchange Ltd and Vision Systems Ltd for varying periods prior to 1 July 2010.

Resolution 3: Employee Share Option Plan

The Board resolved to grant options to Employees under the Employee Share Option Plan (ESOP). The Plan provides for the issue of up to 2.4M Options (1.44% of Company shares) over 3 years, granted in 3 tranches of up to 0.8M per annum. The share price for each tranche at grant will be determined based on a 30 (calendar) day volume weighted average price (VWAP) up to and including the date of grant. The exercise price will be calculated based on a 15% premium to the face value at grant for each tranche. Options will vest 12 months post grant, providing the following performance conditions are achieved: Firstly the eligible employee continues to be employed by the Company. Secondly, Total Shareholder Return for the Company exceeds its peer group, measured on the first anniversary post tranche grant date.



NOTES

Entitlement to Vote and Proxies

Only registered holders of the Company's shares as at 13 November 2015 at 7:00 pm are eligible to attend and vote at the AGM.

Voting exclusions

In respect of Resolution 1, adoption of the remuneration report, the Corporations Act requires that a member of the key management personnel (KMP) whose remuneration details are included in the remuneration report (or a closely related party of such KMP) must not vote and the Company will disregard any votes cast by such a person, unless:

- that person does so as a proxy; and
- the vote is not cast on behalf of a KMP whose remuneration details are included in the remuneration report (or a closely related party of such KMP); and either:
 - the proxy appointment specifies how the proxy is to vote on the resolution; or
 - the proxy is the Chairman of the AGM and the proxy appointment expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP.



Voting by Proxy

A member entitled to attend and vote at this AGM is entitled to appoint not more than two proxies, using the enclosed proxy form. A proxy need not be a member of the Company. The proxy may be an individual or a body corporate. Your proxy's authority to speak and vote for you at the meeting is suspended if you are present at the meeting.

If you appoint one proxy, that proxy may vote on a show of hands. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of your voting rights on a poll but neither proxy has a vote on a show of hands. If you appoint two proxies and the appointment does not specify the proportion or number of your votes each proxy may exercise, section 249X of the Corporations Act 2001 provides that each proxy may exercise half of the votes (ignoring fractions). If you appoint another member as your proxy, that person will have only one vote on a show of hands and does not have to vote on a show of hands in accordance with any direction by you.

You may direct your proxy how to vote by marking X in one of the three boxes opposite each item of business. All your votes will be cast in accordance with your direction, unless you indicate only a portion of votes are to be cast on any item by inserting the percentage of your voting rights applicable to the proxy appointed by the proxy form in the appropriate box. If you do not mark any of the boxes relating to the items of business, your proxy may vote as he or she chooses. If you mark more than one box relating to the same item of business any vote by your proxy on that item will be invalid.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. Proxies and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received not later than 2:00 pm on 15 November 2015:

- by lodging it on-line at the registry's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website); or
- by post in the reply paid envelope provided addressed to Link Market Services Limited; or
- by facsimile to Link Market Services Limited on fax number (02) 9287 0309. Documents received after that time will not be valid for the scheduled meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.





ACRUX LIMITED
 ABN 72 082 001 152

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
 Acrux Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

BY FAX
 +61 2 9287 0309

BY HAND
 Link Market Services Limited
 1A Homebush Bay Drive, Rhodes NSW 2138; or
 Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
 Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Acrux Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:00pm on Tuesday, 17 November 2015 at Pitcher Partners, Level 19, 15 William Street, Melbourne VIC (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

STEP 2

Resolutions

	For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Bruce Parcutt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Grant of Options to Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Sunday, 15 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Acrux Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

Employee Share Option Plan

Acrux Limited
ACN 082 001 152

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1 Definitions and interpretation

1.1 Definitions

In these Rules, unless the contrary intention appears:

- (1) **Accelerated Vesting Event** means the occurrence of:
 - (a) Total and Permanent Disablement or Death in respect of a Participant; or
 - (b) a Change of Control Event;
- (2) **Applicable Law** means one or more, as the context requires of:
 - (a) the Corporations Act;
 - (b) the Corporations Regulations;
 - (c) the ASX Listing Rules;
 - (d) the ASX Settlement Operating Rules;
 - (e) the Tax Act;
 - (f) the Tax Administration Act;
 - (g) any other applicable practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or guidance note made to clarify or expand any of (a) to (f) above; and
 - (h) the Constitution;
- (3) **Application Form** means the form that the Board determines is to be used by an Eligible Person to make an offer to participate under the Plan;
- (4) **Associate** has the meaning given in the Corporations Act;
- (5) **ASX** means ASX Limited ACN 008 624 691 or a market conducted by it (as the context requires);
- (6) **ASX Settlement Operating Rules** means the operating rules of ASX Settlement Pty Limited ACN 008 504 532;
- (7) **Board** means all or some of the Directors of the Company acting as a board or, where appropriate, a committee of the board;
- (8) **Bonus Issue** means a Pro Rata Issue of Shares to holders of Shares for which no consideration is payable by them;
- (9) **Business Day** has the meaning given to that term in the ASX Listing Rules;
- (10) **Change of Control Event** means any of the following:
 - (a) the acquisition by any person, either alone or together with an Associate, of a relevant interest (as defined in the Corporations Act) in more than 50% of the issued shares in the Company;
 - (b) a person (alone or together with its Associates) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board of the Company;

- (c) the acquisition by any person, either alone or together with an Associate, of all or a substantial portion of the assets of the Company; or
 - (d) such other event as the Board considers, acting reasonably, to be a Change of Control Event;
- (11) **Company** means Acrux Limited ACN 082 001 152;
 - (12) **Constitution** means the Company's constitution;
 - (13) **Corporations Act** means the *Corporations Act 2001* (Cth);
 - (14) **Corporations Regulations** means any and all regulations made under the Corporations Act;
 - (15) **Date of Grant** means, with respect to an Option, the date on which the Board grants the Option to an Eligible Person;
 - (16) **Director** means a person holding the office of director;
 - (17) **Dispose**, in respect of an Option or an interest in an Option, includes to sell, assign, transfer or otherwise deal with, or grant a Security Interest over or otherwise encumber;
 - (18) **Eligible Person** means an employee of a Group Company or a Director, selected by the Board to participate in the Plan;
 - (19) **Exercise Period** means the period commencing on the First Exercise Date and ending on the Last Exercise Date;
 - (20) **Exercise Price** means the subscription price per Share payable by the holder of an Option on the exercise of the Option as determined by the Board, but subject to any adjustments under Rule 10.3;
 - (21) **First Exercise Date** with respect to an Option means the day after the Vesting Date;
 - (22) **Group** means all Group Companies;
 - (23) **Group Company** means the Company and any Related Body Corporate that the Board determines will participate in the Plan;
 - (24) **Last Exercise Date** with respect to an Option means, unless otherwise specified in the Offer Letter in respect of that Option:
 - (a) the date three years after the First Exercise Date; or
 - (b) if Total and Permanent Disablement or Death occurs in respect of a Participant during those three years, then the date 12 months (or such longer period as may be determined by the Board) after the Total and Permanent Disablement or Death occurs;
 - (25) **Leaves** means a person ceases to be employed by a Group Company or ceases to hold office with a Group Company but a person will not Leave a Group Company if at the same time as he or she ceases to be employed by a Group Company or ceases to hold office with a Group Company, that person commences employment or contracting with another Group Company or is appointed to office with another Group Company;
 - (26) **Legal Personal Representative** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

- (27) **Notice of Exercise** means a duly completed and executed notice of exercise of an Option by a Participant, in the form approved by the Board from time to time;
- (28) **Offer Letter** has the meaning given in Rule 5.2;
- (29) **Official Quotation** has the meaning given to it in the ASX Listing Rules;
- (30) **Option** means a right issued to a Participant to subscribe for an Option Share on payment of the Exercise Price and otherwise on the terms and conditions of this Plan;
- (31) **Option Share** means a Share issued as a result of the exercise by a Participant of its Options;
- (32) **Participant** means a person who holds Options issued under the Plan or Option Shares and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;
- (33) **Performance Conditions** means, in relation to an Option, the performance conditions or hurdles (if any) determined by the Board which must be satisfied, or circumstances which must exist, before the Option can vest and be exercised;
- (34) **Personal Information** means, for the purpose of Rule 19, information or an opinion about an Eligible Person (or a person who is reasonably identifiable as an Eligible Person):
- (a) whether the information or opinion is true or not; and
 - (b) whether the information or opinion is recorded in a material form or not;
- (35) **Plan** means the Acrux Limited Employee Share Option Plan governed by these Rules;
- (36) **Pro Rata Issue** means an issue which has been offered to all Shareholders on a pro rata basis;
- (37) **Purpose** means, in relation to the collection of personal information as contemplated by Rule 19, the facilitation of the operation and the administration of the Plan;
- (38) **Related Body Corporate, Subsidiary and Holding Company** each has the meaning given in section 9 of the Corporations Act;
- (39) **Rules** means this document, including any annexure to it;
- (40) **Security Interest** means an interest or power:
- (a) reserved in or over an interest in any asset including any retention of title; or
 - (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:
 - (c) any agreement to grant or create any of the above; and
 - (d) a security interest within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth);
- (41) **Share** means a fully paid ordinary share in the capital of the Company;
- (42) **Share Trading Policy** means the Company's trading policy with respect to Shares;
- (43) **Shareholder** means a holder of a Share or Shares;

- (44) **Specific Terms** means, in relation to an invitation to participate under the Plan, the specific terms and conditions of the invitation;
- (45) **Tax** includes any tax (direct or indirect), levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing;
- (46) **Tax Act** means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) or both, as the context requires;
- (47) **Tax Administration Act** means the *Taxation Administration Act 1953* (Cth);
- (48) **Total and Permanent Disablement or Death** means, in relation to any Participant:
 - (a) that the Participant has, in the opinion of the Board (such opinion to be reasonably held), after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely to be able to engage in the Participant's previous occupation with the Company or a substantially similar occupation with the Company; or
 - (b) that the Participant has died;
- (49) **Vested Options** means an Option that has vested, has not been exercised and has not lapsed;
- (50) **Vesting Conditions** has the meaning given in Rule 6.2; and
- (51) **Vesting Date** means the date specified in the Offer Letter in respect of the Option or, if no date is specified, then the first anniversary of the Date of Grant of the Option, or such other date as the Board in accordance with Rule 6.3 may substitute for that date.

1.2 Interpretation

In these Rules, unless the context otherwise requires:

- (1) headings are for convenience only and do not affect the interpretation of these Rules;
- (2) reference to any legislation or a provision of any legislation includes a modification or re-enactment of the legislation or a legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;
- (3) words denoting the singular include the plural and vice versa;
- (4) words denoting a gender include the other genders;
- (5) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (6) where any word or phrase is given a defined meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (7) reference to a rule or paragraph is a reference to a rule or paragraph of these Rules, or the corresponding Rule or Rules of the Plan as amended from time to time;
- (8) a reference to the Constitution includes a reference to any provision having substantially the same effect which is substituted for or replaces the Constitution;
- (9) reference to time is a reference to the time in Melbourne, Australia; and

- (10) where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00pm on the relevant day.

1.3 Primary instruments

These Rules are to be interpreted subject to the Applicable Laws.

2 The Plan

The purpose of the Plan is to provide Eligible Persons with an opportunity to share in the growth in value of the Shares and to encourage them to improve the performance of the Group and its return to Shareholders. It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.

3 Principal conditions

3.1 Options issued only to Eligible Persons

No Options may be issued to a person under the Plan unless the person is an Eligible Person as at the Date of Grant, or the Board determines otherwise.

3.2 Compliance with laws

No Option may be issued to an Eligible Person or exercised by a Participant if to do so would contravene an Applicable Law (including, for the avoidance of doubt, the ASX Listing Rules).

4 Operation of the Plan

The Plan operates according to these Rules which bind the each Group Company and each Participant.

5 Issue of Options

5.1 Board may determine issue

Subject to these Rules, the Board may from time to time determine that the Company will offer Options to an Eligible Person.

5.2 Form of invitation

The Board must give to each Eligible Person invited to participate under the Plan an Application Form to complete, sign and return to the Company, together with a letter setting out the terms on which the invitation is made (**Offer Letter**). The Offer letter must include the following information:

- (1) either:
 - (a) the number of Options to which the invitation relates; or
 - (b) the basis on which the number of Options to which the invitation relates is to be determined;
- (2) either:
 - (a) the Exercise Price; or
 - (b) the basis on which the Exercise Price is to be determined;
- (3) the Vesting Conditions (including the Performance Conditions) attaching to the Options, if any; and

- (4) any other terms and conditions relating to the grant of the Options or the delivery of any Option Shares which, in the opinion of the Board, are fair and reasonable but not inconsistent with these Rules,

and the following documents:

- (5) when the first invitation is made to an Eligible Person under these Rules, a summary or a copy of these Rules; and
- (6) any other information or documents that the Applicable Laws require the Company to give to the Eligible Person.

5.3 Offer and acceptance

By completing, signing and returning the Application Form given to an Eligible Person under Rule 5.2, the Eligible Person offers to participate under the Plan and, on acceptance by the Board of the offer, a contract is formed between the Company and the Eligible Person on the terms and conditions of:

- (1) these Rules; and
- (2) the Specific Terms.

5.4 Eligible Person becomes a Participant

On the issue of an Option to an Eligible Person, the Eligible Person becomes a Participant and is bound by these Rules.

5.5 Consideration for Options

An Option will be issued for consideration comprising the services that are expected to be provided by an Eligible Person to or for the benefit of the Group, but no further monetary or other consideration will be payable in respect of the issue of an Option.

5.6 Entitlement to underlying Shares

Subject to these Rules, each Option confers on its holder the entitlement to subscribe for and be issued one Option Share at the Exercise Price.

5.7 Quotation of Options

The Company will not apply for Official Quotation of any Options.

5.8 Interest in Shares

A Participant has no interest in an Option Share the subject of an Option held by the Participant unless and until the Option Share is issued to that Participant under these Rules. An Option does not give an Eligible Person any right to speak or vote at any general meeting of the Company, any right to receive to receive a dividend or participate in any capital return.

6 Vesting of Options

6.1 Vesting

Subject to Rule 6.2, an Option vests on the Vesting Date.

6.2 Vesting Conditions

The vesting of any Option held by the Participant is subject to the following conditions being satisfied:

- (1) any Performance Conditions relating to the Option; and
- (2) any other conditions included in the Offer Letter,

(together the **Vesting Conditions**).

6.3 **Vesting brought forward**

- (1) If an Accelerated Vesting Event occurs while a Participant is employed with, or a contractor to a Group Company or holds office with a Group Company and before the Vesting Date, the Board may, at its discretion:
 - (a) bring forward the vesting of all Options held by the Participant to a date determined by the Board; and/or
 - (b) waive or vary any Vesting Conditions in regard to any Options.
- (2) If the Board determines to bring forward the vesting of an Option and/or waive or vary the Vesting Conditions under Rule (1), the Company must within 14 days of the alteration give notice to each Participant affected by the Accelerated Vesting Event in respect of the Options held by the Participant.

6.4 **Lapse of unvested Options**

Subject to Rules 6.3 and 6.5:

- (1) if the Vesting Conditions relating to Options are not satisfied before 5pm on the relevant Vesting Date, the Options will lapse at 5pm on the Vesting Date; and
- (2) if the Vesting Conditions relating to Options are not satisfied at the time that the Participant Leaves a Group Company or gives written notice that he or she will Leave a Group Company, the unvested Options will not vest and will lapse at the time that the Participant Leaves that Group Company.

6.5 **Waiver of Vesting Conditions**

The Board may, at its discretion, by notice to the Participant waive or vary any Vesting Conditions in regard to any Option at any time.

7 **Exercise of Vested Options**

7.1 **Exercise of Vested Options**

- (1) Subject to these Rules and the terms on which an Option is issued, a Vested Option may be exercised at any time during the Exercise Period for that Vested Option.
- (2) Subject to these Rules, an Option may be exercised before the Exercise Period if permitted under Rule 10.5.
- (3) A Vested Option may be exercised by the Participant giving to the Company:
 - (a) a Notice of Exercise signed by the Participant; and
 - (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount being the product of:
 - (i) the number of Vested Options then being exercised by the Participant; and
 - (ii) the Exercise Price.

The Notice of Exercise is only effective (and only becomes effective) when any cheque received in payment of the Exercise Price has been honoured on presentation or when any electronic funds transfer in payment of the Exercise Price has deposited cleared funds in the Company's bank account.

7.2 Issue of Option Shares

Subject to these Rules, within 10 Business Days after the Notice of Exercise referred to in Rule 7.1(3)(a) becomes effective, the Company must transfer (or procure the transfer) or issue the number of Option Shares specified in the Notice of Exercise to the Participant.

7.3 Exercise all or some Options

- (1) A Participant may only exercise Vested Options in multiples of 100 or another multiple as the Board determines unless the Participant exercises all Vested Options able to be exercised by him or her at that time.
- (2) The exercise by a Participant of only some of the Vested Options held by the Participant does not affect the Participant's right to exercise at a later date other Options held by the Participant (whether those other Options have the same First Exercise Date or otherwise).

7.4 Quotation of Option Shares

If other Shares are officially quoted on the ASX at the time of issue of Option Shares under this Plan, the Company must, within the time frame required by Item 6 of Appendix 6A of the ASX Listing Rules, apply for Official Quotation of the Option Shares.

7.5 Option Shares rank equally

Subject to the restrictions imposed under Rule 9 **Error! Reference source not found.**, all Option Shares allotted on the exercise of Options granted under this Plan rank pari passu in all respects with Shares previously issued and, in particular, entitle the holders to participate fully in:

- (1) dividends declared by the Company after the date of allotment; and
- (2) all issues of securities made or offered pro rata to holders of Shares.

8 Lapse of Options

8.1 Lapse of Vested Options

Unless otherwise specified in the Offer Letter or determined otherwise by the Board, a Vested Option lapses on the earlier of:

- (1) the Last Exercise Date;
- (2) a determination of the Board that the Option should lapse because the Participant, in the Board's opinion:
 - (a) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant without notice;
 - (b) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an offence); or
 - (c) has done an act which brings the Group or any Group Company into disrepute; and
- (3) the date determined by the Board (which in no event will be more than three months) after the Participant Leaves the Group (other than due to the occurrence of Total and Permanent Disablement or Death).

8.2 Options cease

If a Participant fails for any reason to exercise all the Vested Options registered in the Participant's name before the occurrence of a circumstance set out in Rule 8.1, those Vested Options that the Participant:

- (1) would have been entitled to exercise and that have not been exercised; and
 - (2) may have had a right or entitlement to have vested in the Participant,
- lapse and all rights of a Participant under the Plan in respect of those Options cease.

9 Dealings with Options and Option Shares

9.1 Options personal

Except where an Option has been transferred under Rule 9.3, an Option held by a Participant is personal to the Participant and may not be exercised by another person.

9.2 No unauthorised disposal

Except as permitted under Rule 9.3, a Participant must not Dispose of an Option, and any Disposal or resulting Security Interest will not be recognised in any manner by the Company.

9.3 Permitted transfer of Options

A Vested Option may be transferred, by an instrument of transfer, in the following circumstances only:

- (1) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to Options;
- (2) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
- (3) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Corporations Act;
- (4) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act;
- (5) a transfer under a creditors' scheme of arrangement relating to the Options under section 411 of the Corporations Act; or
- (6) a transfer approved by the Board in those circumstances as may be determined by the Board.

9.4 Share Trading Policy

The Participant must comply with the Share Trading Policy at all times, including for Option Shares issued under Rule 7.2.

10 Participation rights, Bonus Issues, rights issues, reorganisations of capital and winding up

10.1 New issues

Subject to the ASX Listing Rules, a Participant is only entitled to participate (in respect of an Option granted under the Plan) in a new issue of Shares to existing Shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.

10.2 Bonus Issues

Subject to the ASX Listing Rules, if there is a Bonus Issue to the Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the Bonus Issue.

10.3 Pro rata issues

Subject to the ASX Listing Rules, if there is a Pro Rata Issue (except a Bonus Issue) to the Shareholders, the Exercise Price of an Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

- O' = the Exercise Price immediately following the adjustment;
- O = the Exercise Price immediately prior to the adjustment;
- E = the number of Shares into which one Option is exercisable;
- P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
- S = the subscription price for a Share under the Pro Rata Issue;
- D = any dividend due but not yet paid on a Share (except any Share to be issued under the Pro Rata Issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10.4 Reconstructions

In the event that, prior to the exercise of an Option, there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of the Participant including the number of Options that each Participant is entitled or the Exercise Price (if any), or both, will be reconstructed in the manner permitted by the ASX Listing Rules.

10.5 Winding up

If (whether before or during the Exercise Period) a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Vesting Conditions, the Participants may, during the period referred to in the notice, exercise their Options if the Last Exercise Date for the Options has not expired.

10.6 Fractions of Shares

For the purposes of this Rule 10, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

10.7 Calculations and adjustments

Any calculations or adjustments which are required to be made under this Rule 10 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

10.8 Notice of change

To the extent required by the ASX Listing Rules, the Company must give notice to each Participant of any adjustment to the number of Shares for which the Participant is entitled to subscribe or to the Exercise Price pursuant to the provisions of this Rule 10.

11 Administration of the Plan

11.1 Administration

The Plan is administered by the Board.

11.2 Powers of the Board

The Board has power to:

- (1) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (2) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (3) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (4) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers;
- (5) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (6) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (7) make regulations for the operation of the Plan consistent with these Rules.

11.3 Exercise of powers or discretion

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising that power or discretion, under any fiduciary or other obligation to another person.

11.4 Determinations

Where these Rules provide for a determination, decision, approval or opinion of the Board, that determination, decision, approval or opinion may be made or given by the Board (as applicable) in its absolute discretion.

11.5 Expenses and costs

Subject to these Rules, the Company and its Subsidiaries must pay all expenses, costs and charges incurred in the administration of the Plan in the amounts and proportions as they shall agree.

11.6 Tax

No Group Company or any adviser to a Group Company or the Board is liable for any Tax which may become payable by a Participant in the Plan and none of them represent or warrant that any person will gain any taxation advantage by participating in the Plan.

11.7 Tax Deferral

This scheme is a scheme to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies (subject to the conditions in that Act).

12 Amendment to Rules

12.1 Amendment

Subject to Rules 12.2 and 12.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 12).

12.2 Accrued Rights

No amendment of the provisions of these Rules may reduce the accrued rights of any Participant in respect of Options or Option Shares issued under the Plan prior to the date of the amendment, other than:

- (1) an amendment introduced primarily:
 - (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) to enable contributions or other amounts paid by the Company in respect of the Plan to qualify as income tax deductions;
 - (d) to enable the Participant or the Company to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act 1986*, the amount of tax under the Tax Act or the amount of any other tax or impost that may otherwise be payable by the Participant or the Company in relation to the Plan;
 - (e) for the purpose of enabling Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
 - (f) to enable the Company to comply with the Corporations Act, the ASX Listing Rules or any other legal requirement; or
- (2) with the consent of Participants who between them hold not less than 75% of the total number of those Options or Shares held by all those Participants before making the amendment.

12.3 ASX Listing Rules

No amendment may be made except in accordance with and in the manner stipulated (if any) by the ASX Listing Rules.

12.4 Retrospectivity

Subject to the above provisions of this Rule 12, any amendment made under Rule 12.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Options and Option Shares issued under this Plan, have the effect of automatically amending the terms of Options and Option Shares issued and still subject to these Rules.

12.5 Eligible Persons outside Australia

The Board may make any additions, variations or modifications to the Rules, including by way of sub-plan or ancillary plan, in relation to the implementation of the Plan and the specific application of the Rules, to Eligible Persons residing outside Australia, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Eligible Person, a Group Company or the Plan.

13 Financial assistance

Subject to the requirements of any Applicable Law, the Company may provide financial assistance to an Eligible Person in connection with the issue or exercise of an Option under the Plan.

14 Rights of Participants

14.1 No conferred rights

These Rules:

- (1) do not confer on an Eligible Person the right to receive any Options;
- (2) do not confer on a Participant the right to continue as an employee of a Group Company;
- (3) do not affect any rights which the Company or a Subsidiary may have to terminate the employment of a Participant; and
- (4) may not be used to increase damages in an action brought against the Company or a Subsidiary in respect of that termination.

14.2 Voting at general meetings

Participants do not, as Participants, have any right to attend or vote at general meetings of Shareholders.

15 Notices

Notices may be given by the Company to Participants in any manner that the Board may from time to time determine.

16 Severance

If any of these Rules are void, voidable or unenforceable, that provision will be severed and the remainder of these Rules will have full force and effect.

17 Governing law and jurisdiction

These Rules and the rights and obligations of Participants under the Plan are governed by the law of Victoria and the Commonwealth of Australia, and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Commonwealth of Australia.

18 Advice

Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

19 Privacy collection statement

19.1 Collection and purpose

- (1) The Company needs to collect Personal Information about Eligible Persons for the Purpose. Personal Information collected by the Company may include an Eligible Person's name, address, contact details, tax file number or other identification number, date of birth and any other information that is necessary or desirable for administering the Plan or achieving the Purpose.
- (2) The collection by the Company of Personal Information about Eligible Persons may be required or authorized by law, including under the Corporations Act and/or applicable

taxation laws. If this Personal Information is not provided to the Company, the Company may not be able to achieve the Purpose.

19.2 Acknowledgement and consent

By completing and returning the Application Form, an Eligible Person:

- (1) acknowledges receiving the Company's privacy collection statement (as set out in this Rule 19);
- (2) acknowledges that the Company may collect, hold, use and disclose Personal Information about them for the Purpose;
- (3) authorises and instructs each Group Company and any agent or service provider of any Group Company to collect, disclose and transfer between each other (including those located outside Australia) any Personal Information as the Company may request; and
- (4) acknowledges that the each Group Company and any agent of any Group Company may disclose any Personal Information to the Australian Taxation Office, ASX, the Australian Securities and Investments Commission or any governmental agency or authority as may be required in connection with the administration of the Plan.

19.3 Other provisions relation to Personal Information

- (1) An Eligible Person may access any Personal Information about them that is held by the Company by contacting the Company secretary.
- (2) An Eligible Person may request that any Personal Information to be corrected if that Personal Information is inaccurate or incomplete.