

22 September 2017

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 2017 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 Thursday 26 October 2017, commencing at 10:00 am.

If you are able to attend, I look forward to welcoming you and ask you 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



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 Thursday 26 October 2017 at 10:00 am.

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 2017.

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 2017 be adopted and approved.

Re-election of Ross Dobinson as a Director

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

2. That Ross Dobinson, who in accordance with clause 58 of the Company's constitution offers himself for re-election as a Director, be re-elected as a Director of the Company.

Approval of Omnibus Equity Plan (OEP)

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

3. That, for the purposes ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, the Omnibus Equity Plan (OEP) Rules be adopted and approved and the Board be authorised to issue securities to Eligible Participants in accordance with the OEP.

Grant of performance rights to the Chief Executive Officer (CEO) under OEP

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

4. That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the grant of 4 million performance rights to the CEO, Michael Kotsanis, under the OEP and in accordance with the terms set out in the Explanatory Memorandum and approved by the Board.

By order of the Board



Tim Bateman
CFO & Company Secretary
22 September 2017



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 2017 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 2001 (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 22 to 27 of the Company's 2017 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 Ross Dobinson as Director

Ross Dobinson joined the Board on 19 March 1998 as a Director, was appointed Chairman in January 2006 and then Executive Chairman from 1 July 2012 to October 2014. In accordance with clause 58 of the Company's constitution, Mr. Dobinson retires by rotation and offers himself for re-election.

Ross Dobinson BBus. Acc., is a founder and former CEO of Acrux. Mr. Dobinson has a background in investment banking and stockbroking. He is currently Managing Director of TSL Group Ltd, a corporate advisory company specialising in establishing and advising life sciences companies. He is a Director of Reliance Worldwide Corporation (ASX:RWC). He was previously a founding Director of Starpharma Holdings Limited (ASX:SPL), Executive Chairman of Hexima, Chairman of TPI Enterprises Limited (ASX:TPE), Director of Roc Oil Company Limited (ASX:ROC) and a Director of Racing Victoria Limited.

Resolution 3: Approval of Omnibus Equity Plan (OEP)

The Company's Remuneration Report, found at pages 22 to 27 of the Company's 2017 Annual Report notes that the remuneration of employees comprises fixed and variable remuneration and that the variable remuneration comprises cash based short-term incentives and equity based long-term incentives under an Employee Share Option Plan (ESOP). Acrux equity grants have historically been comprised of options. The purpose of the long-term incentive is to align the interests of senior executives and other employees more closely with those of the shareholders and are therefore based on long term, sustained performance which exceeds that of peer group companies.

ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of the holders of its ordinary securities. However, ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply in relation to, among other things, an issue under an employee incentive scheme if, within 3 years before the date of the issue, the holders of the entity's ordinary securities approve the issue of securities under the scheme as an exception to Listing Rule 7.1.



Resolution 3: Approval of Omnibus Equity Plan (OEP) (continued)

An ESOP allotment for 2.4 million options in three equal tranches was approved at the 17 November 2015 Annual General Meeting. The first tranche did not vest, as performance hurdles were not achieved. The second tranche was granted, but vesting remains subject to meeting performance criteria, which are to be assessed at the beginning of 2018. As at the date of this Notice of Meeting, the performance criteria have not been achieved. The final tranche of options would have been issued in February 2018.

In addition, at an EGM on 3 February 2015, a grant of 4 million options to be issued in three tranches to the CEO, was approved under the CEO Share Option Plan (CSOP). The details of these options are provided in the Company's Remuneration Report. All of these options have vested. All of the options have exercise prices that are significantly higher than the current share price. The first tranche of 2 million options expires on 3 February 2018. The second tranche of 1 million options expires on 22 July 2018.

In the ordinary course of reviewing the appropriateness of employee remuneration, Acrux's Human Capital and Nominations Committee (HCNC) has determined that the existing grants under the ESOP and CSOP no longer provide adequate or appropriate long-term incentives and that new plans are required. The Board has subsequently approved and recommends to shareholders an Omnibus Equity Plan (OEP) to operate according to the OEP Rules attached to this Notice of Meeting and summarised below.

In designing the OEP Rules and initial grants proposed under them, the HCNC and the Board have taken into account:

- The advice of executive and board remuneration consultants Egan Associates (www.eganassociates.com.au) in relation to best practice long term incentive plans, common practices in relation to the quantum of grants and the type of securities issued.
- Changes in taxation laws for employee share schemes which were implemented on 1 July 2015 and the potential for future changes in taxation laws.
- The advice of independent tax lawyers.
- The advice of independent valuation consultants.
- The circumstances of the Company, particularly the impact of external events on the Company's financial performance and over which employees had either no or very limited ability to either influence outcomes or mitigate impact, and the stage of development and likely time horizons for commercially relevant outcomes from the development of the Company's product pipeline.

The OEP Rules include, but are not limited to, the following features:

- **Offer:** The Board has discretion to make awards of options, rights, performance rights, performance shares and shares, including Exempt Share Awards under Division 83A of the Income Tax Assessment Act 1997 (Cth) and salary sacrifice share awards. The Board has further discretion to determine vesting conditions including service conditions or other performance hurdles, exercise prices, minimum holding periods, forfeiture conditions or events and other conditions of awards. The Board has further discretion to vary or waive these terms and conditions (subject to Corporations Act limitations on shareholder approval for awards to Directors).



Resolution 3: Approval of Omnibus Equity Plan (OEP) (continued)

- **Eligibility:** Participants under the OEP include permanent, full-time, or part-time employees, Non-Executive Directors, casual employees or contractors who work a pro-rata equivalent of 40% or more of a comparable full-time position and are Australian residents for tax purposes.
- **Shares:** The total number of ordinary shares over which rights or securities may be awarded under the OEP is capped at 5% of the issued share capital of the Company. Consistent with ASIC Class Order 14/1000, this cap includes any securities awarded under the ESOP, CSOP or OEP within the 3 years before any new award under the OEP, but excludes any rights or securities that have expired or that were issued without the need for disclosure (such as to senior managers of the Company).
- **Vesting:** Rights and options will vest in accordance with applicable performance hurdles, service conditions and exercise conditions. Where a Participant ceases to be employed by the Company or a related body corporate of the Company as a result of death or serious injury which prohibits continued employment, retirement or retrenchment or such other eligible circumstance as determined by the Board ('Qualifying Event'), the Board may, in its absolute discretion, determine that unvested rights and/or options become Vested.
- **Change of Control:** Where there is a change in control of the Company, the Board may in its absolute discretion determine that any unvested rights and/or options become vested.
- **Exercise:** Once options and rights have vested, they are generally able to be exercised prior to the lapsing and forfeiture events. On exercise, the participant must pay the relevant exercise price for those options and/or rights.
- **Quotation:** Options will not be quoted on the ASX. The Company will apply for Official Quotation of the shares issued on exercise of options and/or rights, in accordance with the ASX Listing Rules.
- **Cessation of eligibility:** Where a Participant ceases to be employed by the Company or a related body corporate of the Company, other than as a result of a Qualifying Event, any options, rights and performance rights or shares will be immediately forfeited, whether or not those awards have vested.
- **Restrictions:** Awards are non-transferrable (subject to certain limited exceptions). Awards and dealings in awarded securities are subject to the Company's share trading policies and the Corporations Law as it relates to share trading.
- **Amendments:** To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the OEP.
- **Other terms:** Subdivision 83A-C (deferred inclusion of gain in assessable income) of the Income Tax Assessment Act 1997 (Cth) as amended by the Tax and Superannuation Laws Amendment (Employee Share Schemes) Act 2015 (Cth) applies to awards granted under the OEP, except in the case of certain Awards that are taxed-upfront.

The Board has chosen to make initial awards to employees under the OEP in the form of performance rights that are granted on the basis of a four-year cycle. Each performance right will be a right to acquire one ordinary share at no cost. Each grant will vest after one year, provided that the total return to shareholders (TSR) over that period is equal to 12% and the employee remains employed.



Resolution 3: Approval of Omnibus Equity Plan (OEP) (continued)

Grants that do not vest in any year of the cycle may be “rolled over” into the next year of the cycle and will be subject to an additional 12% TSR hurdle. There will be no “roll-over” after the fourth year. The rights will expire 7 years after grant. The price for each performance right will be determined based on a 30 (calendar) day volume weighted average price (VWAP) up to and including the date of grant.

The Board has selected performance rights as the preferred form of award for the following reasons:

- Compared with options, fewer rights need to be issued to create comparable value for employees and therefore performance rights are less dilutive to shareholders.
- Unlike options that may become worthless if share prices fall below the exercise price after vesting, performance rights track the movements in the share price and retain some value in circumstances where options might not. This enables performance rights to provide stronger incentives for Company employees in circumstances where external factors beyond the control or ability of the employees or Company to mitigate have a negative impact on the Company.
- The performance hurdles applied require the Company’s shares to outperform historical equities market averages in order for performance rights to vest.

Resolution 4: Grant of performance rights to CEO Michael Kotsanis under OEP

Resolution 3 refers to the current CSOP’s lack of value and incentive to the CEO Michael Kotsanis.

Shareholder approval is therefore sought for the purposes of Listing Rule 10.11 for the Company to issue performance rights to the CEO. Listing Rule 10.11 provides that the Company must not issue equity securities to a related party unless one of a number of exceptions applies, or Shareholder approval is obtained.

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of performance rights to the CEO:

- Michael Kotsanis is a Director of the Company and is therefore a related party of the Company.
- The number of performance rights to be issued to the CEO is 4 million. These will be issued to the CEO no later than 1 month after the date of the Company’s Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- The 4 million performance rights will vest in 4 equal tranches, with each successive tranche vesting at the end of each of the 4 years after grant, provided that the CEO is still employed and that the total return to shareholders (TSR) over the year preceding the vesting of each tranche is equal to or greater than 12%. Tranches that do not vest in any year of the cycle may be “rolled over” into the next year of the cycle and will be subject to an additional 12% TSR hurdle. There will be no “roll-over” after the fourth year. The rights will expire 7 years after grant. The price for determining whether TSR performance hurdles have been achieved for each tranche of performance rights will be determined based on a 30 (calendar) day volume weighted average price (VWAP) up to and including the grant date and the start of the year in which that tranche may vest as the case may be.



Resolution 4: Grant of performance rights to CEO Michael Kotsanis under OEP (continued)

- Each performance right will give the CEO a right to acquire one ordinary share in the Company.
- The performance rights will be issued to the CEO for nil cash consideration. Accordingly, no funds will be raised.
- The performance rights will be awarded to the CEO under the OEP on the same terms and conditions as other employees as set out above.
- The primary purpose of the issue of the performance rights to the CEO is to provide a performance linked incentive component in the remuneration package for Michael Kotsanis. In particular, the purpose of the issue is to motivate and reward the performance of the CEO and to align the interests of the CEO with those of shareholders towards long term sustained superior growth.
- These awards are structurally equivalent to the current CSOP.

If approval is given for the grant of the performance rights to the CEO under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

For the purposes of Chapter 2E of the Corporations Act, the Board has determined that the issue of securities to Michael Kotsanis as part of his remuneration package is reasonable, given his responsibilities as CEO of the Company and has relied on the reasonable remuneration exception provided in section 211 of the Corporations Act in this regard.



NOTES

Entitlement to Vote and Proxies

Only registered holders of the Company's shares as at 24 October 2017 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.

In respect of Resolution 3, Approval of Omnibus Equity Plan (OEP), ASX Listing Rules 7.2 exception 9(b) requires the Company to disregard any votes cast by any Director of the Company (except one who is 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 proxy for another person who is entitled to vote, in accordance with directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for another person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In respect of Resolution 4 (Grant of performance rights to CEO Michael Kotsanis under the OEP), ASX Listing Rules 10.11 requires the Company to disregard any votes cast by any Director of the Company (except one who is 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 proxy for another person who is entitled to vote, in accordance with directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for another person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



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 10:00 am on 24 October 2017:

- 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



X99999999999

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 **10:00am (AEDT) on Thursday, 26 October 2017 at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3 and 4: 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 Resolutions 1, 3 and 4, even though the Resolutions are 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*

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ross Dobinson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Omnibus Equity Plan (OEP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of performance rights to the Chief Executive Officer (CEO) under OEP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * 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

ACR PRX1701C



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 Resolutions are 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 **10:00am (AEDT) on Tuesday, 24 October 2017**, 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.**



Omnibus Equity Plan Rules

ACRUX Limited

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Plan Rules

1. Operation

1.1 Operation of the Plan

These Rules set out the terms and conditions of the operation of the Plan. The Company and the Participants are bound by these Rules.

1.2 Purpose

The purpose of the Plan is to provide competitive, performance-based remuneration supporting the retention, incentive and reward functions of that remuneration.

1.3 Commencement

The Plan commences on a date to be determined by the Board at its absolute discretion.

2. Definitions and interpretation

2.1 Definitions

In these Rules, unless the context otherwise requires:

Applicable Law means one or more, as the context requires of:

- (a) the Corporations Act;
- (b) the Corporations Regulations;
- (c) the Listing Rules;
- (d) any other applicable securities laws;
- (e) the Tax Acts;
- (f) the constitution of the Company;
- (g) the common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Federal laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them); and
- (h) any practice note, policy statement, class order, declaration, guideline, policy or procedure authorising or entitling ASIC or ASX to regulate, implement or enforce, either directly or indirectly:
 - (i) a provision of the laws, regulations, rules or constitution referred to in paragraphs (a) to (f) above;

- (ii) any agreement or deed made under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f) above; or
- (iii) a person's conduct or proposed conduct under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f) above, or any agreement or deed referred to in paragraph (h)(ii) above.

Application means an application for Awards pursuant to the terms of an Invitation.

Application Date has the meaning given to that term in Rule 4.2(l).

Application Form means the form that the Board determines is to be used to participate in the Plan in response to an Invitation.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.

Award means:

- (a) an Option;
- (b) a Right;
- (c) a Performance Share Award; or
- (d) a Share Award,

as applicable.

Board means the board of directors of the Company or its duly appointed representative(s).

Business Day means a day other than a Saturday, Sunday or public holiday in New South Wales.

Class Order means the applicable class order, or any former, subsequent and/or replacement class order, issued by ASIC relating to employee incentive schemes.

Company means Acrux Limited (ABN 72 082 001 152)

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Corporation Regulations means the *Corporations Regulations 2001* (Cth), as amended from time to time.

Director means a person holding the office of a director of the Company.

Eligible Participant means a person who:

- (a) is:
 - (i) a permanent full time or part time Employee;

- (ii) a casual Employee or contractor who works a pro-rata equivalent of 40% or more of a comparable full time position; or
 - (iii) a Non-Executive Director.
- (b) is an Australian resident for tax purposes;
- (c) has provided to the Company a valid tax file number; and
- (d) who is selected by the Board to participate in the Plan.

Employee means an employee of any Group Company.

Employer means any Group Company, and in relation to any Employee means the company by which that Employee is for the time being employed.

Exempt Share Award means means a Share granted under the Plan in accordance with Rule 11.1.

Exercise Condition means any criteria, requirements or conditions determined by the Board and set out in the Invitation in accordance with Rule 4.2(h), which must be met (notwithstanding the satisfaction of any Performance Hurdles and/or Service Conditions) in order for any Rights or Options that have Vested to be exercisable.

Exercise Price means:

- (a) in relation to a Right, a nil amount, unless otherwise determined by the Board and as specified in the Invitation; or
- (b) in relation to an Option, the amount payable on the exercise of that Option (if any), as specified in the Invitation.

First Exercise Date has the meaning given in Rule 4.2(i).

Grant Date has the meaning given in Rule 4.2(e).

Group means the Company and its Related Bodies Corporate from time to time.

Group Company means a company which is a member of the Group.

Holding Lock means a mechanism to prevent a Participant from dealing with or transferring Participant's Shares or creating any Security Interest over Participant's Shares held by the Participant.

Holding Statement has the meaning given in Rule 6.1(c).

Invitation means an invitation issued by the Company to an Eligible Participant under Rule 4 to apply to acquire Awards under the Plan.

Last Exercise Date has the meaning given in Rule 4.2(j).

Last Vesting Date has the meaning given in Rule 4.2(k).

Listing Rules means the official listing rules of the ASX.

Market Value means, in relation to Participant's Shares or Shares, the average "market price" (as that term is defined in the Listing Rules) per Participant's Share or Share (as applicable) weighted by reference to volume during a trading period.

Nominee means:

- (a) an immediate family member of the Eligible Participant;
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the Eligible Participant; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)), where the Eligible Participant is a director of the trustee,

acceptable to the Board under Rule 5.2.

Non-Executive Director means a director of the Company who is not employed in a full time executive capacity by the Company or a Group Company.

Notice of Exercise has the meaning given in Rule 9.1(a).

Option means a right to acquire a Share upon satisfaction of any applicable Performance Hurdles, Service Conditions and Exercise Conditions (including the payment of the Exercise Price, if any) in accordance with the terms set out in this Plan and the Invitation.

Participant means a person (including any Nominee) who, in response to an Invitation, has completed and returned a duly completed and executed Application Form on or before the Application Date (and whose Application has been accepted by the Board).

Participant's Share means any Share held by a Participant:

- (a) in respect of which the Participant exercised an Option or Right that has vested;
- (b) as a result of the Vesting of a Performance Share Award; or
- (c) which is a Share Award granted in accordance with the terms set out in this Plan.

Performance Hurdle means any performance based criteria, requirements or conditions determined by the Board and set out in the Invitation in accordance with Rule 4.2(h), which must be met prior to the Vesting of certain Awards.

Performance Share Award means a Share granted to a Participant under the Plan, which is subject to Performance Hurdles, Service Conditions and Exercise Conditions in accordance with the terms set out in this Plan and the Invitation.

Plan means the Omnibus Equity Plan established and operated in accordance with these Rules.

Qualifying Event means:

- (a) death;
- (b) serious injury or illness which prohibits continued employment;

- (c) Retirement;
- (d) Retrenchment; or
- (e) such other circumstances which results in an Eligible Participant leaving the employment of the relevant Group Company and which the Board determines (in its absolute discretion) is a Qualifying Event.

Related Body Corporate has the meaning in section 9 of the Corporations Act.

Restricted Share means any Participant's Share that is subject to a Holding Lock pursuant to Rule 14.1.

Retirement means where an Eligible Participant intends to permanently cease gainful employment in circumstances where the Eligible Participant provides in good faith a statutory declaration to that effect, and the Board in its absolute discretion accepts that statutory declaration.

Retrenchment means where an Eligible Participant's position is made redundant, there is no acceptable alternative position available within the Group, and the Eligible Participant's employment is terminated by the relevant Group Company by reason of redundancy.

Right means a right to acquire a Share upon satisfaction of any applicable Performance Hurdles, Service Conditions and Exercise Conditions (other than the payment of an Exercise Price) in accordance with the terms set out in this Plan and the Invitation.

Rules means these Rules (including the terms and conditions set out in an Invitation), as amended from time to time.

Salary Sacrifice means where an Eligible Participant agrees to contractually forgo part of their future pre-tax remuneration in return for Salary Sacrifice Awards.

Salary Sacrifice Award means an Award granted in accordance with Rule 4.3.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

Service Condition means any time-based criteria, requirements or conditions determined by the Board and set out in the Invitation in accordance with Rule 4.2(h), which must be met prior to the Vesting of certain Awards.

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

Share Award means an Exempt Share Award or a Salary Sacrifice Award.

Tax Acts means the *Income Tax Assessment Act 1936* (Cth) and/or the *Income Tax Assessment Act 1997* (Cth) as applicable and each as amended from time to time.

Vest means an Award in respect of which the applicable Performance Hurdles and/or Service Conditions have been satisfied by the Eligible Participant holding the Award (or whose Nominee holds the Award), and **Vesting** and **Vested** have corresponding meanings.

Vesting Notice means a notice issued to a Participant by the Company informing them that their Rights, Options and/or Performance Share Awards (as applicable) have Vested.

2.2 Interpretation

In these Rules unless the context otherwise requires:

- (a) a reference to gender includes all genders;
- (b) the singular includes the plural and conversely;
- (c) a reference to a person includes the legal personal representatives, successors and assigns of that person, and also corporations and other entities recognised by law;
- (d) a reference to any law or to the Listing Rules includes that law or the Listing Rules as amended, re-enacted or replaced and any law that supersedes that law;
- (e) headings are for convenience only and do not affect the interpretation of these Rules;
- (f) reference to a Rule or paragraph is a reference to a Rule or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;
- (g) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (h) where the time for doing any act, matter or thing under these Rules falls on a day which is not a Business Day, it shall be done on the next succeeding Business Day; and
- (i) a reference to an act includes an omission, and a reference to doing any act includes executing a document.

3. Deferred Taxation

Subdivision 83A-C (Deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997* (Cth), as amended by the *Tax and Superannuation Laws Amendment (Employee Share Schemes) Act 2015* (Cth), subject to the requirements of that Act applies to Awards granted under this Plan, except in the case of taxed-upfront Share Awards granted in accordance with Rule 11.1.

4. Invitation to participate in the Plan

4.1 Invitation

Subject to these Rules:

- (a) the Board may issue an Invitation for an Eligible Participant to participate in the Plan;

- (b) the Board has absolute discretion to determine the contents of any Invitation, and the terms and conditions of any Vesting of Awards under the Plan (including Performance Hurdles and Service Conditions) and/or any Exercise Conditions, but such terms and conditions must be in accordance with any applicable requirements of the Listing Rules and the Corporations Act; and
- (c) the Board may amend the Invitation at any time prior to the Application Date.

4.2 Provision of information with Invitation

The Invitation must be in writing and include the following terms of issue of the Awards, as applicable:

- (a) the name and address of the Eligible Participant to whom the Invitation is made;
- (b) the terms and conditions of any Salary Sacrifice arrangement;
- (c) the date of the Invitation;
- (d) the number and type of Awards to which the Invitation relates;
- (e) the proposed date on which the Awards will be granted to the Participant (***Grant Date***);
- (f) the minimum number (if any) of Awards that the Participant may apply for and, if a Participant may apply for less than the number of Awards to which they are offered, the multiples (if any) in which Awards must be applied for;
- (g) the Exercise Price of the Awards (if any) or the method of calculating the Exercise Price of the Awards;
- (h) the Performance Hurdles, Service Conditions and/or Exercise Conditions (if any) that are required to be satisfied;
- (i) the earliest date from which Awards may be exercised (the ***First Exercise Date***);
- (j) the latest date prior to which Awards may be exercised (the ***Last Exercise Date***);
- (k) the last date on which Awards are able to Vest (the ***Last Vesting Date***);
- (l) the latest date on which a duly completed Application Form must be received by the Company (***Application Date***);
- (m) any other terms and conditions relating to the issue of Awards which in the opinion of the Board are fair and reasonable but not inconsistent with these Rules; and
- (n) any other information or documents that Applicable Laws require the Company to give to the Eligible Participant or their Nominee.

4.3 Salary Sacrifice arrangements

- (a) The Board may decide that an Invitation under this Plan will involve a Salary Sacrifice, and if so, the terms and conditions of the arrangement for which Awards are offered in lieu of remuneration.
- (b) Where an Invitation is made which will involve a Salary Sacrifice, the Invitation is conditional on the Eligible Participant and the Company entering into an agreement setting out the terms and conditions of the Salary Sacrifice arrangement.
- (c) The Board may determine the amount of the Remuneration which may be sacrificed by each Participant in any Australian income tax year, but in the case of salary sacrifices for Shares that amount may not exceed \$5,000 (or such other amount which may be sacrificed under the Tax Acts from time to time).

4.4 Application Form

The Invitation must be accompanied by an Application Form.

5. Application to participate in the Plan

5.1 Application Form

An Eligible Participant may only make an Application to participate in the Plan in response to an Invitation by:

- (a) completing, or in accordance with Rule 5.2 arranging for their Nominee to complete, the Application Form in respect of the number of Awards specified in the Invitation or for a lesser number subject to any restrictions or conditions set out in the Invitation;
- (b) signing, or in accordance with Rule 5.2 arranging for their Nominee to sign, the completed Application Form; and
- (c) lodging the completed and signed Application Form with the Company on or before the Application Date.

5.2 Renunciation

- (a) An Invitation under the Plan is personal to the Eligible Participant to whom it is made and may not be transferred or renounced in favour of any other person except in accordance with this Rule 5.2.
- (b) Upon receipt of an Invitation, an Eligible Participant may, by notice to the Board, nominate a Nominee of the Eligible Participant in whose favour the Eligible Participant wishes to renounce the invitation to make an offer using an Application Form.
- (c) The Board may, in its discretion, resolve not to allow a renunciation of an invitation in an Invitation in favour of a Nominee without giving any reason for that decision.

- (d) If the Board resolves to allow a renunciation of an invitation in an Invitation in favour of a Nominee, the Eligible Participant will procure that the Nominee submits the Application Form to the Company in relation to the Invitation sent to that Eligible Participant. Both the Eligible Participant and the Nominee agree to be bound by these Rules.

5.3 Participation in Plan

Subject to Rule 5.4, on returning the duly completed Application Form in accordance with Rule 5.1, provided that the Eligible Participant's employment with the Company or any Group Company has not ceased, the Participant:

- (a) will participate in the Plan and acquire Awards in accordance with the Invitation;
- (b) agrees to be bound by the terms of the Invitation, the Application Form, these Rules, and the constitution of the Company (and if the Participant is a nominee, the Eligible Participant also agrees to be so bound); and
- (c) consents to the collection, holding, processing and exchange of their personal data by the Group for any purpose related to the proper administration of the Plan or their participation in the Plan (and if the Participant is a nominee, the Eligible Participant also so consents).

5.4 Non-acceptance of Application Form

- (a) Notwithstanding any other provision of this Plan, an Eligible Participant has no entitlement to be granted any Awards unless and until such Awards are granted under Rule 6.
- (b) If the Board determines in its absolute discretion not to accept an Application Form, the Company will provide notification to that Eligible Participant that it does not intend to accept that Eligible Participant's Application Form.

6. Grant of Awards

6.1 Grant

Subject to Rule 5, following the acceptance of a Participant's Application Form, on or as soon as practicable after the Application Date, the Board may:

- (a) grant Awards to the Participant in accordance with the Participant's Application Form;
- (b) complete and maintain any Rights, Options or Share register (as applicable) in accordance with the Corporations Act; and
- (c) issue a statement to the Participant setting out the Participant's holdings of Awards (***Holding Statement***).

6.2 No payment for grant

Subject to Rule 11, unless determined by the Board in its absolute discretion, no payment is required for the grant of Awards.

7. Restriction on dealing

- (a) Rights, Options and Performance Share Awards granted under this Plan are non-transferable. Except in respect of the transmission of Awards to a Participant's legal representative upon death, no Rights, Options or Performance Share Awards or any right in respect of any Rights, Options or Performance Share Awards may be transferred or assigned to another person, encumbered with a Security Interest in or over them, or sold or otherwise disposed of by the Participant.
- (b) If a Participant purports to transfer, assign, have a Security Interest granted in or over, sell, or otherwise dispose of, a Right, Option or Performance Share Award, whether voluntarily or involuntarily, the relevant Award will be immediately forfeited by the Participant, unless the Board determines otherwise.
- (c) For the avoidance of doubt, Share Awards granted under this Plan are transferrable unless such Share Awards are subject to a Holding Lock or Salary Sacrifice commitments, as agreed in the Application Form, that have not been met.

8. Vesting of Rights and Options

8.1 No exercise without Vesting

Any Right or Option that has not Vested in accordance with Rules 8.2, 8.3 or 8.4 may not be exercised, unless (subject to Applicable Laws) the Board exercises its absolute discretion, in circumstances where the Board considers it to be in the best interests of the Company, to:

- (a) vary or waive the relevant Performance Hurdles, Service Conditions and/or Exercise Conditions, and declare the Rights and/or Options to have Vested;
- (b) bring forward the date upon which Rights and/or Options may be exercised; or
- (c) extend the period over which rights and/or Options may be exercised.

8.2 Satisfaction of Performance Hurdles, Service Conditions and Exercise Conditions

Subject to this Rule 8, Rights and/or Options may only be exercised if:

- (a) the Rights and/or Options Vest in accordance with the applicable Performance Hurdles and Service Conditions; and
- (b) the Exercise Conditions (if any) have been met.

8.3 Qualifying Event

Where an Eligible Participant ceases to be employed by a Group Company as a result of a Qualifying Event, the Board may, in its absolute discretion, determine in relation to the

Rights and/or Options, which at the time of the Qualifying Event, are held by the Eligible Participant (or their Nominee) and have not yet Vested in accordance with Rules 8.2 or 8.4, that some or all of those Rights and/or Options will become Vested at the time of the cessation of employment of that Eligible Participant or another date determined by the Board.

8.4 Change of control

Where:

- (a) a takeover bid is made for the Company and the Board recommends acceptance of that bid by the Company's shareholders;
- (b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- (c) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

the Board may in its absolute discretion determine that any Right or Option that has not Vested in accordance with Rules 8.2 or 8.3 will Vest on, and may be exercised on and from, the date determined by the Board subject to lapsing under Rule 15.

9. Exercise of Rights and Options

9.1 Vesting Notice and Notice of Exercise

- (a) Following the issue of a Vesting Notice to a Participant, the exercise of Rights and Options may only be effected by lodging a duly completed notice of exercise (in the form specified in the Holding Statement or in such other form and manner as the Board may prescribe or accept) (**Notice of Exercise**) with the Company Secretary.
- (b) After a Vesting Notice has been issued, the Company will issue a revised Holding Statement in respect of the Participant's remaining Awards.

9.2 Conditions of Exercise

A Right or an Option may only be exercised if at the time of exercise:

- (a) the Right or Option has become Vested in accordance with Rule 8;
- (b) the Right or Option has not lapsed or been forfeited under Rule 15 (or another provision of this Plan); and
- (c) the Exercise Price (if any) has been paid to the Company in such manner approved by the Board.

9.4 Cashless Exercise of Options

The Board may determine in its absolute discretion that a Participant will not be required to pay the Exercise Price of Options (if applicable) but that on exercise of the Options, the

number of Shares that will be issued or transferred will be equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then Market Value of the Shares as at the time of the exercise (with the number of Shares rounded down).

9.4 Exercise in whole or in part

A Participant's Rights and/or Options that have Vested may be exercised in whole or in part in accordance with the terms of the relevant Invitation. If a Participant has not exercised all of their Rights and/or Options, a revised Holding Statement will be issued in respect of the remaining Rights and/or Options.

9.5 Issue or transfer of Shares

Following the exercise of a Right or Option, the Company must, within such time as the Board determines:

- (a) issue to the Participant; or
- (b) procure the transfer to the Participant of,

the Participant's Share in respect of which the Right or Option has been exercised.

10. Performance Share Awards

10.1 Satisfaction of Performance Hurdles and Service Conditions

Subject to this Rule 10, Performance Share Awards may only Vest in accordance with the applicable Performance Hurdles and Service Conditions (if any), unless (subject to Applicable Laws) the Board exercises its absolute discretion, in circumstances where it considers it to be in the best interests of the Company, to:

- (a) vary or waive the relevant Performance Hurdles or Service Conditions, and declare the Performance Share Awards to have Vested; or
- (b) bring forward the date upon which the Performance Share Awards may Vest.

10.2 Vesting Notice

A Performance Share Award will Vest when a Vesting Notice in respect of that Performance Share Award is given to the Participant by the Company.

10.3 Qualifying Event

Where an Eligible Participant ceases to be employed by a Group Company as a result of a Qualifying Event, the Board may, in its absolute discretion, determine in relation to the Performance Share Awards, which at the time of the Qualifying Event, are held by the Eligible Participant (or their Nominee) and have not yet Vested in accordance with Rules 10.1 or 10.4, that some or all of those Performance Share Awards will Vest at the time of the cessation of employment of that Eligible Participant or another date determined by the Board.

10.4 Change of control

Where:

- (a) a takeover bid is made for the Company and the Board recommends acceptance of that bid by the Company's shareholders;
- (b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- (c) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

the Board may in its absolute discretion determine that any Performance Share Award that has not Vested in accordance with Rule 10.1 or 10.3 will Vest on the date determined by the Board (subject to the forfeiture events under Rule 15).

10.5 Re-designation of Performance Share Awards as Shares

If instructed to do so in writing by the Board, and provided that the Performance Share Award has Vested, each Participant will take all necessary actions and enter into all necessary documentation to give effect to the redesignation of a Performance Share Award as a Share.

11. Share Awards

11.1 Exempt Share Awards

- (a) The Company may grant Exempt Share Awards for no consideration or at a purchase price which is a discount to the then Market Value of Shares, with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Tax Acts from time to time) of the total value or discount received by each Participant and which is taxed upfront will be exempt from tax (subject to the individual facts and circumstances of each Participant, and awards being subject to the minimum holding period set out in Division 83A of the Income Tax Assessment Act 1997 (Cth)).
- (b) The Company must offer Exempt Share Awards on a non-discriminatory basis in accordance with Division 83A of the Income Tax Assessment Act 1997 (Cth) as amended from time to time.

11.2 Salary Sacrifice Awards

Salary Sacrifice Awards may be granted in accordance with Rule 4.3.

12. Share trading policy

Notwithstanding any other provision of this Plan, no Share may be acquired by or on behalf of a Participant at any time when a Participant would be precluded from dealing in Shares pursuant to any Applicable Laws or the Company's internal policies for dealings in its Shares, or otherwise as determined by the Board.

13. Ranking of Participant's Shares

Each Participant's Share issued will rank equally in all respects with all existing Shares from the date of issue. The Company will apply to the ASX for the quotation of any Participant's Shares granted or issued under this Plan.

14. Holding Lock

14.1 Holding Lock

Any Participant's Share may be subject to a Holding Lock up to a maximum of 15 years from the Grant Date at the Board's absolute discretion. The Board may remove the Holding Lock applying to Participant's Shares at their discretion in circumstances including, but not limited to, the following:

- (a) in special circumstances such as where the Eligible Participant (or their Nominee):
 - (i) suffers serious injury or illness;
 - (ii) suffers financial hardship;
 - (iii) is affected by a natural disaster; or
 - (iv) such other material adverse circumstances;
- (b) where the then Market Value of Participant's Shares exceed the Market Value of Shares at the Grant Date of the Rights, Options, Performance Share Awards or Share Awards (as applicable); or
- (c) upon the cessation of the Eligible Participant's employment.

14.2 No dealing with Restricted Shares

A Participant must not transfer, have a Security Interest granted over, sell or otherwise dispose of, any Restricted Shares.

15. Lapsing and forfeiture events

15.1 Lapsing and forfeiture events

- (a) Unless the Board determines otherwise in its absolute discretion, Participants are at all times subject to the lapsing and forfeiture events (as applicable) set out in Rules 15.2 to 15.5.
- (b) Upon the lapsing or forfeiture of any Rights or Options under Rules 15.2, 15.3, 15.4, 15.5 or 15.6, all of the Participant's rights in respect of any such Rights or Options will cease.
- (c) Upon the forfeiture of any Performance Share Awards under Rules 15.2, 15.3, 15.4 or 15.5, those Performance Share Awards will be immediately cancelled and all of

the Participant's rights in respect of any such Performance Share Awards will cease.

15.2 Last Vesting Date

- (a) Any Rights and/or Options held by a Participant which have not Vested in accordance with Rule 8 (and which have not otherwise been forfeited under Rule 15) by the Last Vesting Date, will lapse at 12.01 am on the day immediately following the Last Vesting Date.
- (b) Any Performance Share Awards which have not Vested in accordance with Rule 10 (and which have not otherwise been forfeited under Rule 15) by the Last Vesting Date, will be forfeited by the Participant holding those Performance Share Awards at 12.01 am on the day immediately following the Last Vesting Date.

15.3 Breach, Fraud and Dishonesty

Where the Board determines in its absolute discretion that an Eligible Participant has acted fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company:

- (a) any Rights and Options; and
- (b) any Performance Share Awards,

held by the Eligible Participant (or their Nominee) will be immediately forfeited on the date determined by the Board, whether or not those Awards have Vested.

15.4 Cessation for reasons other than a Qualifying Event

Where an Eligible Participant ceases to be employed by any Group Company other than as a result of a Qualifying Event:

- (a) any Rights and Options; and
- (b) any Performance Share Awards,

held by the Eligible Participant (or their Nominee) will be immediately forfeited on the date that the Eligible Participant ceases to be employed by the relevant Group Company, whether or not those Awards have Vested.

15.5 Qualifying Event

Where an Eligible Participant ceases to be employed by any Group Company as a result of a Qualifying Event:

- (a) any Rights and/or Options held by the Eligible Participant (or their Nominee) which have Vested in accordance with Rule 8:
 - (i) may be exercised by the Participant (or the Participant's legal personal representative, as applicable) during the 12 month period following the date on which the Eligible Participant ceases to be so employed (or, if shorter, in the period until 5.00pm on the Last Exercise Date); and

- (ii) will be forfeited at 12.01 am on the day immediately following the last day of that 12 month period (or, if earlier, will lapse at 5.01 pm on the Last Exercise Date);
- (b) any Performance Share Awards which have Vested in accordance with Rule 10:
 - (i) will continue to be held for the benefit of the Participant and may be sold or otherwise disposed of by the Participant during the 12 month period following the date on which the Eligible Participant ceases to be so employed; and
 - (ii) will be forfeited by the Participant at 12.01 am on the day immediately following the last day of that 12 month period if not sold or otherwise disposed of by that time; and
- (c) any Rights and/or Options which have not Vested in accordance with Rule 8, and any Performance Share Awards which have not yet Vested in accordance with Rule 10 will be immediately forfeited by the Participant.

15.6 Last Exercise Date

All Rights and/or Options which have Vested in accordance with Rule 8 and which have not been exercised will lapse on the Last Exercise Date unless those Rights and/or Options have been forfeited in accordance with Rules 15.3, 15.4 or 15.5 or unless the period over which Rights and/or Options can be exercised has been extended beyond the Last Exercise Date in accordance with Rule 8.1(c).

16. Share issues

16.1 New or Existing Shares

The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired on market for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules. If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate.

16.2 Rights and bonus issues

A Participant has the right to participate in rights issues and bonus issues by the Company:

- (a) in relation to Participant's Shares that are registered in the Participant's name; or
- (b) in the case of Share Awards that are registered in the name of a trustee, once those Share Awards are allocated.

16.3 Adjustment under certain events

The Board will:

- (a) reduce the Exercise Price of Rights and/or Options (if any) in the event of a new issue; and/or

- (b) change the number of underlying Shares to which Awards relate in the event of a bonus issue,

in accordance with the Listing Rules.

16.4 Entitlements to an issue

If Participant's Shares are issued prior to determination of entitlements to a new issue, the Participant's Shares so issued will be entitled to participate in the new issue.

16.5 Reorganisation

In the event of a reorganisation of the Company's share capital, the Board will review and modify the terms of the Awards as required by the Listing Rules and otherwise, subject to the Listing Rules, so that Participants are not disadvantaged by the reorganisation.

17. Rights attaching to Participant's Shares

17.1 Dividends

A Participant will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on Participant's Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the Participant.

17.2 Voting rights

A Participant may exercise any voting rights attaching to Participant's Shares registered in the Participant's name or, in the case of Share Awards registered in the name of a trustee, once those Share Awards are allocated to the Participant.

17.3 Rights, Options and Performance Shares

Any Right, Option or Performance Share held by a Participant will not give any right to the Participant:

- (a) to receive any dividends declared by the Company; or
- (b) to receive notice of, or to vote or attend at, a meeting of the shareholders of the Company, or

until the Participant's Shares are issued or transferred (as the case requires) to, and registered in the name of, the Participant before the record date for determining entitlements to the dividend or the date of the meeting of the Company's shareholders (as the case may be).

18. Independent advice

Eligible Participants (and their Nominees) should obtain their own independent advice on the financial, taxation and other consequences which may apply to them as a result of or relating to their participation in the Plan, including the Vesting and exercise of Awards and the disposal of any or all Participant's Shares acquired pursuant to the Plan.

19. Administration of the Plan

19.1 Powers of the Board

The Plan will be managed in accordance with these Rules, by the Board, which will have power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan consistent with these Rules;
- (b) resolve and bind the Company and Eligible Participants (and their Nominees) absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Plan;
- (c) determine matters falling for determination under these Rules in its absolute discretion having regard to the interests of, and for the benefit of, the Company;
- (d) exercise the discretions conferred on it by these Rules or which may otherwise be required in relation to the Plan;
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan; and
- (f) appoint or engage specialist service providers for the operation and administration of the Plan.

19.2 Limit on number of Awards

- (a) The Company must not offer Awards, and must not issue Awards pursuant to any offer if, at the time of the offer, the sum of the number of Shares:
 - (i) the subject of an offer;
 - (ii) which would be issued if all outstanding offers, invitations or Awards made or acquired under this Plan and any other employee share plan of the Company or a Related Body Corporate were exercised or accepted; and
 - (iii) issued under the Plan or issued under any employee share and option plan of the Company or a Related Body Corporate during the period of 3 years prior to the date of the Offer,exceeds 5% of the total number of issued Shares.
- (b) For the purpose of calculating the limit in Rule 19.2(a), any offer made, or Award acquired or Shares issued by way of or as a result of:
 - (i) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (ii) an offer that did not require disclosure to the Participant because of an exemption to disclosure contained in section 708 of the Corporations Act; or

- (iii) an offer that was made under a disclosure document,
will be disregarded.

19.3 Suspension or termination of Plan

- (a) Subject to Rule 19.3(b), the Plan may be suspended or terminated at any time by resolution of the Board.
- (b) In the event of a suspension or termination of the Plan, these Rules will continue to operate with respect to any Participant's Shares issued, transferred or granted under the Plan prior to that suspension or termination, and any Participant's Shares to be issued, transferred or granted under the Plan as a result of any Invitation which has been issued and accepted prior to that suspension or termination.

19.4 Documents

The Company may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

19.5 Company to provide information

The Company must provide to:

- (a) Participants, who are subject to Australian tax laws, information about Participant's Shares acquired pursuant to the Plan during the year by no later than 14 July after the end of the relevant financial year. The information provided will be in accordance with the requirements outlined in Division 392 of the *Taxation Administration Act 1953* (Cth); and
- (b) the Tax Commissioner information about Participant's Shares acquired pursuant to the Plan during the year in the approved form by no later than 14 August after the end of the relevant financial year. The information provided will be in accordance with the requirements outlined in Division 392 of the *Taxation Administration Act 1953* (Cth).

19.6 Liability for TFN withholding tax (ESS)

The Company will not be liable for tax imposed under the *Income Tax (TFN Withholding Tax (ESS)) Act 2009* (Cth), as participation in the Plan is conditional on the Participant providing a valid tax file number. Acceptances to the Plan will not be processed unless the Participant provides a valid tax file number.

20. Contracts of employment and other employment rights

20.1 Rules not part of employment contract etc.

- (a) This Plan does not form part of any contract of employment or services between any Eligible Participant (or their Nominee) and either the Company or any Group Company.
- (b) For the avoidance of doubt, no compensation under any employment or services contract will arise as a result of the Company's suspension or termination of the Plan pursuant to Rule 19.3.

20.2 Participant Awards

Nothing in these Rules:

- (a) confers on any Eligible Participant (or their Nominee) the right to continue as a director, officer or employee of any Group Company;
- (b) confers on any Eligible Participant (or their Nominee) the right to become or remain an Eligible Participant or Participant, or to continue to participate under the Plan;
- (c) affects any rights which a Group Company may have to terminate the employment or office of an Eligible Participant;
- (d) confers any right to compensation or damage for an Eligible Participant as a consequence of the termination of their employment or office by any Group Company for any reason including ceasing to have rights under the Plan as a result of such termination, or may be used to increase damages in any action brought against any Group Company in respect of any such termination; or
- (e) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any tax liabilities of the Eligible Participants (or their Nominees).

21. Connection with other plans

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company or any Group Company unless the terms of that other plan provide otherwise.

22. Plan costs

22.1 Administration costs

The Company will pay all expenses, costs and charges in relation to the establishment and operation of the Plan, including all costs incurred or associated with the issue or transfer of Participant's Shares pursuant to the Vesting or exercise of certain Awards under the Plan.

22.2 Taxes and disposal costs

Notwithstanding Rule 22.1:

- (a) the Company has the power to withhold from amounts otherwise owing to the Participant, or to require the Participant to remit to it, an amount sufficient to satisfy all Federal, State, Territory, local and foreign withholding tax requirements, and any other governmental imposts, in respect of any or all Participant's Shares under the Plan; and
- (b) any brokerage, commission, stamp duty or other transaction costs in connection with the disposal of Participant's Shares acquired under the Plan will be paid for by the Participant.

22.3 Responsibility for Participant's tax

The Company will not be responsible for any tax which may become payable by an Eligible Participant (or their Nominee) in connection with the issue or transfer of any Shares under this Plan.

23. Overseas Eligible Participants

The Company, at the Board's absolute discretion, may:

- (a) offer Awards, subject to the law in the jurisdiction in which the Invitation is made, under the Plan to Participants (or their Nominees) who are resident outside of Australia; and
- (b) make rules for the operation of the Plan which are not inconsistent with these Rules to apply to Eligible Participants (or their Nominees) who are resident outside of Australia, but only to the extent that is required for the purposes of complying with or conforming to present or future legislation applicable in the jurisdiction in which the offer is made.

The rules referred to in Rule 23(b) will be set out in a separate addendum to these Rules for each jurisdiction outside of Australian which offers are made under the Plan. Nothing in these Rules obliges the Board to make an offer to an Eligible Participant (or their Nominee) who is resident outside of Australia.

24. Trust

The Board may, in its absolute discretion, use an employee share trust for the purposes of holding any Participant's Shares under the Plan and/or delivering any Participant's Shares to Participants.

25. Overriding restriction

Notwithstanding any Rule, Awards may not be issued, transferred or dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules or any other Applicable Laws or where the compliance with any Applicable Law would in the opinion of the Board be unduly onerous or impractical.

26. Amendment

26.1 General

Subject to Rule 26.2 and the Listing Rules, these Rules may be amended at the direction of the Board so as to amend, add to, delete or otherwise vary the Rules at any time in any manner the Board thinks fit in its absolute discretion.

26.2 Benefit of ASIC modifications

Notwithstanding any other provisions of the Plan, unless the Board determines otherwise, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

26.3 Limitation on amendments

No amendment to the provisions of these Rules may be made which materially reduces the rights of Participants in respect of Awards to which they have completed and returned an Application Form prior to the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Federal legislation or the Listing Rules;
- (b) to correct any manifest error or mistake; or
- (c) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the Plan.

26.4 Eligible Participants outside Australia

Subject to Rule 23, the Board may make any additions, variations or modifications to these Rules, in relation to the implementation of the Plan and the specific application of these Rules to Eligible Participants (or their Nominees) residing outside Australia.

27. Waiver

No failure or delay by a party in exercising any power, right or remedy under these Rules will operate as a waiver of such power, right or remedy. No single exercise, or partial exercise, of any power, right or remedy under this Plan will preclude any other or future exercise of that (or any other) power, right or remedy.

28. Severance

If any provision of these Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness will not affect the enforceability of the remaining provisions.

29. Notices

- (a) Any notice or direction given under these Rules is validly given if it is handed to the Eligible Participant (or their Nominee) concerned or sent by ordinary prepaid post to the person's last known address or given in a manner which the Board from time to time determines.
- (b) In the case of an Application Form, that application will not be taken to have been received by or on behalf of the Company until it is actually received by the Company at the address nominated from time to time by the Board.

30. Governing Law

These Rules and any Awards granted under these Rules are governed by the laws of New South Wales Australia. The Company, each Eligible Participant and each Nominee submit to the non-exclusive jurisdiction of New South Wales courts and courts of appeal from them in connection with matters concerning these Rules and Awards granted under these Rules.