

LITIGATION CAPITAL MANAGEMENT LIMITED

ACN 608 667 509

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM or Meeting) of Shareholders of Litigation Capital Management Limited (LCM or Company) will be held:

Date: Thursday 16 November 2017

Time: 10.00am (Sydney Time)

Venue: Piper Alderman Lawyers
Level 23, Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000



6 October 2017

Dear Shareholder,

On behalf of the Directors of Litigation Capital Management Limited (**LCM**), I am pleased to invite you to attend the 2017 Annual General Meeting (**AGM**) of LCM. Enclosed is the Notice of Meeting setting out the business of the AGM.

LCM's AGM will be held on Thursday 16 November 2017 commencing at 10.00am (Sydney time) at the offices of Piper Alderman Lawyers, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 10.00am (Sydney time) on Tuesday 14 November 2017 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of LCM unanimously recommend that Shareholders vote in favour of all resolutions.

Thank you for your support of LCM and I look forward to your attendance and the opportunity to meet with you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D King', written in a cursive style.

Dr David King
Chairman

NOTICE OF MEETING

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Date: Thursday 16 November 2017

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Venue: Piper Alderman Lawyers
Level 23, Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and Proxy Form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2017.

The Annual Report which contains the Financial Report for the year ended 30 June 2017 is available on the website (<http://www.lcmfinance.com/shareholders/>).

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by Shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the Meeting.

C. ITEMS FOR APPROVAL

Resolution 1. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

"That, the Company's Remuneration Report for the financial year ended 30 June 2017, set out in the Directors' Report, is adopted."

The Remuneration Report is set out in the 2017 Annual Report (available at <http://www.lcmfinance.com/shareholders/>). Please note that, in accordance with section 250R(3) of the Corporations Act 2001 (Cth) (the **Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

A vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2017 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- a. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- b. the vote is cast by the chair of the meeting and the appointment of the chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

"Key management personnel" and "closely related party" have the same meaning as set out in the Act.

Resolution 2. Re-election of Director – Dr David King

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

"That David King, who retires in accordance with clause 51.1(c) of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 3. Approval of Additional Share Issue Capacity under ASX Listing Rule 7.1A

To consider and, if thought fit, pass the following as a special resolution of the Company:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the Shareholders of the company approve the issue of equity securities up to 10% of the issued capital of Litigation Capital Management Limited (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum which forms part of the Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by a person who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed, and any associates of such persons. As at the date of this Notice of Meeting, there are no potential allottees to whom shares may be issued under this resolution. On that basis, no Shareholders are currently excluded from voting.

However, the Company need not disregard a vote cast on Resolution 3 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4. Approval of Loan Share Plan

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

"That the Litigation Capital Management Limited Loan Share Plan (LSP), a summary of which is set out in the Explanatory Memorandum, be approved for the purposes of ASX Listing Rule 7.2 (Exception 9), sections 200E, 259B(2) and 260C(4) of the Corporations Act and for all other purposes."

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this Resolution by Messrs David King, Steven McLean and Patrick Moloney and any of their associates. However, the Company will not disregard a vote if:

- a. it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b. it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on

the Proxy Form to vote as the proxy decides.

In addition, pursuant to the Corporations Act, the Company's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as proxy for another person who is permitted to vote, unless:

- a. it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b. the proxy is the Chairman of the Meeting and he is expressly authorised to exercise the proxy even through the resolution is a Remuneration Resolution.

Resolution 5. Issue of shares to Patrick Moloney

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

"That, for the purposes of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 2,000,000 shares to Managing Director, Mr Patrick Moloney under the LSP and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this Resolution by Messrs David King, Steven McLean and Patrick Moloney and any of their associates. However, the Company will not disregard a vote if:

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

In addition, pursuant to the Act, the Company's key management personnel and their Closely Related Parties are not permitted to cast a vote as proxy for another person who is permitted to vote, unless:

- a. it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b. the proxy is the Chairman of the Meeting and he is expressly authorised to exercise the proxy even through the resolution is a Remuneration Resolution.

BY ORDER OF THE BOARD



Anna Sandham
Company Secretary
6 October 2017

ENTITLEMENT TO ATTEND AND VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7.00pm (Sydney time) on Tuesday 14 November 2017 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Appointment of Proxy

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 10.00am (Sydney time) on Tuesday 14 November 2017 (48 hours before AGM). Proxies must be received before that time by one of the following methods:

By post: Litigation Capital Management
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

By facsimile: 02 9287 0309 (within Australia)
+61 2 9287 0309 (from outside
Australia)

By delivery in person: Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Online: www.linkmarketservices.com.au

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Power of Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of

that power of attorney or other authority) must be received by the Company no later than 10.00am (Sydney time) on Tuesday 14 November 2017, being 48 hours before the AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

IMPORTANT: If you appoint the Chair of the Meeting as your proxy, or the Chair becomes your proxy by default, and you do not direct your proxy how to vote on resolutions 1 (remuneration report), 4 (approval of loan share plan) and 5 (issue of shares to Mr Patrick Moloney), then by submitting the proxy form you will be expressly authorising the Chair to exercise your proxy on the relevant resolution, even though the resolution is connected, directly or indirectly, with the remuneration of the KMP.

SHAREHOLDER QUESTIONS

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please email any questions to the Company Secretary, Anna Sandham (sandham@companymatters.com.au).

To allow time to collate questions and prepare answers, please submit any questions by 2.00pm (AEDT time) on Thursday, 9 November 2017 (being no later than the fifth business day before the AGM is held). Questions will be collated and, during the AGM, the Chair will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to Shareholders.

ENCLOSURES

Enclosed are the following documents:

- proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Litigation Capital Management's share registry's website at www.linkmarketservices.com.au to ensure the timely and cost effective receipt of your proxy; and
- a reply paid envelope for you to return the proxy form.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's AGM to be held on Thursday 16 November 2017.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolution 1, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

Resolutions 2, 4 and 5 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolutions.

Resolution 3 is to be voted on as a special resolution. For a special resolution to be passed, at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the resolution.

Resolution 1: Remuneration Report

Section 250R(2) of the Corporations Act 2001 (Cth) (the **Act**) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of Shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on the LCM website at <http://www.lcmfinance.com/shareholders/>.

Following consideration of the Remuneration Report, the Chair of the Meeting will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the

vote. The vote on this resolution is advisory only and does not bind the Directors or the Company. However the Board will take the outcome of the vote into account in setting remuneration policy for future years.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.

Resolution 2. Re-Election of Director – David King

David was appointed as a Director and Chairman of LCM on 9 October 2015.

David was a founder and non-executive director of Sapex Ltd, Gas2Grid Ltd and Eastern Star Gas Ltd. He has substantial natural resource related experience, having previously served as managing director of North Flinders Mines Ltd and CEO of Beach Petroleum and Claremont Petroleum.

David is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. David is Non-executive Chairman of Galilee Energy Ltd and Cellmid Ltd and a Non-executive director of African Petroleum Corporation Ltd.

The Directors, with David King abstaining, unanimously recommend Shareholders vote in favour of this Resolution.

Resolution 3. Approval of Additional Share Issue Capacity under ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables mid to small cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placement over a 12 month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a. it has a market capitalisation of \$300 million or less; and
- b. it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the AGM.

Accordingly, Resolution 3 is seeking approval of ordinary Shareholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine, on the terms as described in this Explanatory Memorandum.

At the date of this Notice, the Company has on issue 53,533,247 fully paid ordinary shares and a capacity to issue:

- a. 8,029,987 equity securities under ASX Listing Rule 7.1; and
- b. 5,353,325 equity securities under ASX Listing Rule 7.1A (if Resolution 3 was approved).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 3 will be to allow the Directors to issue equity securities under ASX Listing Rule 7.1A during a 10% placement period, without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the equity securities will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a. the date on which the price at which the securities are to be issued is agreed; or
 - b. if the securities are not issued within 5 trading days of the date in paragraph a, the date on which the securities are issued.
- If Resolution 3 is approved by Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing ordinary

Shareholders face the risk of economic and voting dilution as a result of the issue of securities which are the subject of this Resolution, to the extent that such securities are issued, including:

- a. the market price of equity securities in that class may be significantly lower on the issue date than on the date on which this approval is being sought; and
- b. the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

- The following table gives examples of the potential dilution of existing ordinary Shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A", calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- a. two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- b. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Number of shares on issue ¹	Dilution			
	Issue price (per share)	\$0.255 50% decrease in Issue Price	\$0.51 Issue Price	\$1.02 100% increase in Issue Price
53,533,247 (Current)	Shares issued	5,353,325	5,353,325	5,353,325
	Funds raised	\$1,365,097.80	\$2,730,195.60	\$5,460,391.19
80,299,871 (50% increase)	Shares issued	8,029,987	8,029,987	8,029,987
	Funds raised	\$2,047,646.70	\$4,095,293.40	\$8,190,586.79
107,066,494 (100% increase)	Shares issued	10,706,649	10,706,649	10,706,649
	Funds raised	\$2,730,195.60	\$5,460,391.19	\$10,920,782.39

¹ Variable "A" in Listing Rule 7.1A.2

- The table has been prepared on the following assumptions:
 - a. the Company issues the maximum number of equity securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
 - b. no unlisted Options or Partly Paid Shares (including any Options or Partly Paid Shares issued under the 10% placement facility) are exercised before the date of issue of ordinary shares under ASX Listing Rule 7.1A
 - c. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - d. the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the AGM;
 - e. the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
 - f. the issue of equity securities under the 10% Placement Facility consists only of shares; and
 - g. the issue price is \$0.51 per share², being the closing price of the shares on ASX on 5 October 2017.
 - Shareholder approval of this Resolution is valid, and securities will only be issued, from the date of the annual general meeting at which approval is obtained and expires on the earlier to occur of:
 - a. The date that is 12 months after the date of the annual general meeting at which the approval is obtained (i.e. by 16 November 2018); or
 - b. The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
 - The Company may seek to issue the equity securities for the following purposes:
 - a. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued development of the Company's current assets and/or general working capital; or
 - b. non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
 - The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.
 - The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of equity securities that may be issued (subject to shareholder approval of Resolution 3) have not been determined as at the date of this Notice but may include existing Shareholders and/or parties who are not currently Shareholders and are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - a. the methods of raising funds available to the Company (including but not limited to, rights issue or other issues in which existing security holders can participate), while balancing interest from potential allottees with the interests of existing Shareholders;
 - b. the effect of the issue of equity securities on the control of the Company and balancing the interests of existing Shareholders. Allocation will be subject to takeover thresholds;
 - c. the financial situation and solvency of the Company and its need for working capital at any given time; and
 - d. advice from corporate, financial and broking advisors (if applicable).
 - The Company has not previously sought approval under ASX LR 7.1A.
 - A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting. Potential allottees under the 10% Placement Facility (should it be approved) have not been identified as at the date of this Notice, but may include existing Shareholders and/or parties who are not currently Shareholders and are not related parties or associates of the Company.
- Resolution 3 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the resolution.
- The Directors unanimously recommend Shareholders vote in favour of this Resolution.*

² Closing price on 5 October 2017 was \$0.51 per share.

Resolution 4. Approval Loan Share Plan

The Company's Board has adopted a new Loan Share Plan (**LSP**).

The Board adopted the LSP to retain, motivate and attract executives and to better align the interests of employees with those of the Company and its shareholders by providing an opportunity for eligible senior executives to acquire shares subject to the terms and conditions of the LSP (**Plan Shares**).

The Plan Shares will be issued or transferred to the participants in the LSP at market value, determined by the Board in its absolute discretion. The Company may provide a limited recourse loan to senior executives who are invited to participate in the LSP to assist them to purchase Plan Shares (**Loan**).

The Company is now seeking shareholder approval for the LSP.

Listing Rules

Listing Rule 7.1 generally restricts listed companies from issuing more than 15% of their issued capital in any 12 month period without shareholder approval. There are however, a number of exceptions to this restriction including Listing Rule 7.2 (Exception 9).

Listing Rule 7.2 (Exception 9) provides that Listing Rule 7.1 will not apply to an issue to a participant under an employee incentive scheme (e.g. the LSP), if within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule.

If this resolution is passed, the Company will be able to issue securities under the LSP to participants during the next 3 years without the need to seek further shareholder approval (subject to Chapter 10 of the ASX Listing Rules).

Corporations Act

- **Section 259B – Taking security over company shares**

Under the Corporations Act, subject to certain exceptions, a company must not take security over shares in itself. However, a company is permitted to take security over shares in itself under an employee share scheme that has been approved by shareholders under section 259B(2) of the Corporations Act.

Accordingly, if the LSP is approved by shareholders, the Company will be able to take security over shares in itself where those shares (or rights or interests in them) are acquired by participants under the LSP.

- **Section 260C – Exempted financial assistance**

The provision of loans by the Company to enable LSP participants to acquire shares in the Company

is considered the provision of financial assistance by the Company for the acquisition of shares in the Company.

Unless an exemption applies, under section 260A of the Corporations Act a company may only financially assist a person to acquire shares in the company if:

- a. the giving of the assistance will not materially prejudice the interests of shareholders or the Company's ability to pay its creditors; or
- b. shareholder approval has been granted.

However, an exemption to section 260A of the Corporations Act applies to financial assistance given under an employee share scheme that has been approved by a resolution passed by shareholders.

Accordingly, the passing of this resolution will provide approval for the giving of financial assistance to the acquisition of shares under an employee share scheme pursuant to section 260C(4) of the Corporations Act.

- **Section 200E – retirement benefit**

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the provisions of section 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The LSP allows the Board, in its discretion to, determine that some or all of the Plan Shares are deemed to have vested in the event a Participant's employment ceases (**Accelerated Vesting**).

In the circumstance of Accelerated Vesting, the value of the termination benefits that the Board may give under the LSP cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the benefit is decided to be given (if at all). The Board has not determined whether it will exercise discretion to grant any Accelerated Vesting or, in what circumstances, it will exercise its discretion.

Specifically, the value of an Accelerated Vesting will depend on a number of factors, including the Company's share price at the time of vesting of the Plan Shares and the number of Plan Shares that the Board determines to vest early (if any).

Other information

The terms of the LSP to be adopted by shareholders under this resolution are summarised below. No securities have previously been issued under this LSP.

Eligibility	<ul style="list-style-type: none"> • A person is eligible to participate in the LSP if he or she is a Director, officer or employee of a group company (Eligible Person). • The Board may at any time make invitations to Eligible Persons to participate in the LSP specifying the total number of Plan Shares being offered or the manner for determining that number, the closing date for applications, the issue price, vesting conditions and any other specific terms and conditions of issue (Invitation).
Plan Shares	<ul style="list-style-type: none"> • Each Plan Share entitles the participant to one fully paid ordinary Share in the Company. • Unless otherwise specified in an Invitation, Plan Shares issued or transferred to a participant will rank equally with all existing shares from the date of issue or transfer. • Unless the Board resolves otherwise, the Company will apply for official quotation of Plan Shares issued.
Loan	<ul style="list-style-type: none"> • The Company may provide a limited recourse loan to a participant to allow them to fund the full consideration for the Plan Shares (Loan). The terms of the Loan will be set out in a separate loan agreement. • A participant's obligation to repay the Loan will be the lesser of the Loan balance or the market value of the relevant Plan Shares. • Any after-tax value of cash distributions (including dividends) received in respect of Plan Shares must be applied to repayment of the Loan.
Vesting	The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified in an Invitation.
Change of control	In the event of a change of control of the Company, the Board may in its absolute discretion, determine the manner in which any or all of the participant's unvested Plan Shares will be dealt with.
Disposal restrictions	<ul style="list-style-type: none"> • A participant must not dispose of a Plan Share until the Plan Share has vested, the loan balance relating to that Plan Share has been repaid or discharged or any other disposal restrictions set out in the Invitation have expired. • The Company may implement any procedure it deems appropriate to ensure the compliance by the Participant with the disposal restrictions (i.e. may implement a holding lock in respect of the Plan Shares).
Compulsory divestment	<ul style="list-style-type: none"> • Plan Shares may be compulsorily divested in a number of circumstances, including non-satisfaction of vesting conditions, fraudulent or dishonest actions, insolvency, termination of employment, non-repayment of a Loan or any other circumstances expressly set out in an Invitation. • Where in the reasonable opinion of the Board, a Plan Share has vested in fraudulent or dishonest circumstances, the Board may take any action to ensure no unfair benefit is obtained by the participant as a result of those circumstances.
Capital events	<ul style="list-style-type: none"> • Bonus issues - If the Company undertakes a pro-rata bonus issue of shares to shareholders and shares are issued to a participant in respect of Plan Shares, those shares are deemed to be Plan Shares for the purposes of the LSP, and will be subject to the same vesting conditions as the Plan Shares to which they relate. • Rights issues – Participants may elect to take up their rights at their cost. Shares allotted to the Participant as a result of exercising such rights are not subject to the vesting conditions or the Plan Rules. • Other variations of capital - If there is a variation of capital, including a capitalisation, subdivision, consolidation or reduction in share capital. The Board may, subject to the Corporations Act and Listing Rules, make such adjustments as it considers appropriate to ensure that the consequences of application are fair as between the participants and other shareholders.

Administration	The LSP is administered by the Board. The Board may make regulations and determine procedures to administer and implement the LSP and may also terminate or suspend the operation of the LSP at its discretion.
Amendment	<ul style="list-style-type: none"> The Board may at any time amend any rules governing the operation of the LSP or waive or modify the application of the rules in relation to any participant. However, the Board may not amend the rules in a way that would decrease a participant's rights in respect of Shares acquired by them, other than amendments required to comply or conform to legislation or Listing Rules, to correct any manifest error or mistake or to take into account any possible adverse tax implications.
Termination	The LSP may be terminated or suspended at any time by a resolution of the Board, provided the termination or suspension does not materially adversely affect the rights of persons holding shares or options issued under the plan at that time.
Other terms and conditions	The LSP contains other customary terms and conditions relating to the operation and administration of the LSP.

A copy of the LSP is available from the Company Secretary on request. As this is a new scheme no securities have previously been issued under LSP.

A voting exclusion applies to Resolution 4 please see the notes to Resolution 4 in the notice of meeting.

Resolution 5. Issue of shares to Mr Moloney Remuneration policy

The performance of the Company depends partly upon the quality of its executives. Their compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

In deciding the remuneration and incentives of Mr Moloney (Managing Director), the Board considered that there should be an appropriate mix of remuneration comprising cash and securities to link his remuneration to the financial performance of the Company.

Equity-based incentives consistent with the Company's remuneration policy better aligns the performance of the Managing Director with the Company's financial performance. The Board also believes that an equity-based remuneration component helps it to attract and retain the best executives.

The Directors consider the remuneration policy to be a sensible and well-balanced policy which allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

Listing Rule requirements

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without shareholder approval. Accordingly, approval is sought under Listing Rule 10.14

for the proposed grant of 2,000,000 shares to Mr Moloney under the Company's LSP (**Plan Shares**).

If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Corporations Act requirements

Shareholder approval under Chapter 2E of the Corporations Act (related party benefits) is not required because as the issue of Shares is considered to be reasonable remuneration and falls within the exception to the requirement for shareholder approval.

Grant of Plan Shares

If approved, the Plan Shares will comprise two tranches:

Tranche	Number of Plan Shares
Tranche 1	1,000,000 being 50% of total award
Tranche 2	1,000,000 being 50% of total award
Total	2,000,000

Date of grant

If approved, the total number of Plan Shares are expected to be granted to Mr Moloney on or about Friday, 17 November 2017 (**Grant Date**), but in any event will be granted within 3 months after the date of the meeting.

Issue Price

The issue price for each Plan Share will be the volume weighted average share price (**VWAP**) of the Company's shares over the 5 trading days ending on the date immediately prior to Grant Date.

Vesting Conditions

Each tranche of Plan Shares will vest if the relevant Vesting Conditions set out below are met:

Tranche	Vesting Conditions
Tranche 1	<p>a. Mr Moloney has been continuously employed by the Company from the Grant Date to the date that is 24 months after the Grant Date and has continuously been employed by the Group over that period; and</p> <p>b. the VWAP of the Company's shares over any 5 trading day period is at least \$1.00 per share (or such equivalent price if a capital reconstruction occurs in relation to the Company) (Target Price Condition).</p>
Tranche 2	<p>a. Mr Moloney has been continuously employed by the Company from the Grant Date to the date that is 36 months after the Grant Date and has continuously been employed by the Group over that period; and</p> <p>b. the Target Price Condition has been met.</p>

Plan Shares will also vest if a change of control event occurs and the Board exercises its discretion to deem that Vesting Conditions set out above have been satisfied.

Information required by Listing Rule 10.15A

Maximum number of Shares that may be acquired	2,000,000 Plan Shares
Issue Price	The VWAP of the Company's shares over the 5 trading days ending on the date immediately prior to the date of grant.
Names of persons referred to in rule 10.14 who received securities under the scheme since the last approval, number of securities received and acquisition price for each security	No securities have previously been issued under this LSP
Names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme	Directors – Messrs David King, Patrick Moloney, Steve McLean. Note – although each director is eligible to participate, approval is sought under Resolution 5 for the issue of Shares to Mr Moloney only.
Terms of loan in relation to the grant of Shares	<ul style="list-style-type: none"> The Company will provide Mr Moloney with a limited recourse loan to fund the acquisition of the Plan Shares (Loan). The total amount of the Loan will be calculated in accordance with the following formula: <i>Loan Amount = Issue Price x Plan Shares</i> The Loan is immediately repayable on a number of circumstances occurring, including on termination of employment.
Required statements	<p>Details of any securities issued under the employee incentive scheme will be published in each annual report relating to a period in which securities have been issued and approval for the issue of securities obtained under Listing Rule 10.14.</p> <p>Any additional persons who require shareholder approval under Listing Rule 10.14 that become entitled to participate in the employee incentive scheme after the Resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.</p>
Date by which Shares will be issued	Expected to be 17 November 2017, but in any event, within 3 months after the date of approval.
Voting exclusion statement	A voting exclusion applies to this resolution – please see the notes to Resolution 5. The Chairman of the meeting intends to, and is expressly authorised to, vote all undirected proxy forms in favour of Resolution 5.

The Directors (with Mr Moloney abstaining) recommend that Shareholders vote in favour of Resolution 5.



EXPERIENCE COUNTS

ACN 608 667 509

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Litigation Capital Management 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 shareholder(s) of Litigation Capital Management Limited (Company) and entitled to attend and vote hereby:

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

Blank box for proxy name

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 on Thursday, 16 November 2017 at Piper Alderman Lawyers, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4 and 5: 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, 4 and 5 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 X

STEP 2

Resolutions

Table with 4 columns: Resolutions, For, Against, Abstain* and 5 rows of resolutions with corresponding voting boxes.

* 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

Signature lines for Shareholder 1 (Individual), Joint Shareholder 2 (Individual), Joint Shareholder 3 (Individual), Sole Director and Sole Company Secretary, Director/Company Secretary (Delete one), Director

STEP 3

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).



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.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Voting Form, you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that 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.

If you wish to appoint a Director (other than the Chairman) or other member of the KMP or their closely related parties as your proxy, you must specify how they should vote on Resolutions 1, 4 and 5 by marking the appropriate box (either for/against/abstain). If you do not specify how your proxy should vote, your proxy will not be able to exercise your vote for Resolutions 1, 4 and 5.

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:

- 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
- 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 on Tuesday, 14 November 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.

Only Voting Forms issued by the Company will be deemed valid and accepted by the Company.

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

Litigation Capital Management 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.**