



The Environmental Group Limited

Notice is given that the Annual General Meeting (AGM) of shareholders of The Environmental Group Limited ABN 89 000 013 427 (the *Company*) will be held at the offices of The Environmental Group Limited, Suite 1.01, Level 1, 10 Ferntree Place, Ferntree Place Business Park, Notting Hill, Victoria Australia, on Thursday, 23 November 2017, commencing at 2:00pm.

A. CONSIDERATION OF REPORTS

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

Unless the Company's Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2017 on the website of the Company (<http://www.environmental.com.au>), under Investors/ASX Announcements.

B. QUESTIONS AND COMMENTS

Following the consideration of 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 Audit 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 Audit Report or the conduct of the audit. A list of written questions, if any, 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 AGM.

C. ITEMS FOR APPROVAL

1. Remuneration Report

To consider and, if thought fit, to pass the following resolution 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) be adopted."

Note: In accordance with section 250R of the Corporations Act 2001 (Cth), the vote on this resolution will be advisory only.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1:

- a) by or on behalf of a member of the 'key management personnel'¹ (KMP) whose remuneration is included in the Remuneration Report;
- b) by or on behalf of a closely related party² (such as close family members and any controlled companies) of a member of KMP whose remuneration is included in the Remuneration Report; or
- c) as a proxy of any of the above.

¹ 'key management personnel' has the meaning as defined in Section 9 of the *Corporations Act* 2001.

² closely related party has the meaning as defined in Section 9 of the *Corporations Act* 2001.

However, the Company need not disregard a vote cast on Resolution 1 if it is cast as a proxy for a person who is entitled to vote;

- in accordance with the directions (For, Against or Abstain) on the proxy appointment; or
- it is cast by the person chairing the meeting, and;
 - the proxy appointment does not specify how the proxy is to vote; and,
 - the appointment 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.

2 Elections of Directors

Election of Mr Dean Dowie

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

“That Dean Dowie, who was appointed since the last AGM by the board as Non-Executive Director of the Company in accordance with clause 19.2(a) of the Company’s Constitution, retires in accordance with clause 19.2(b) of the Company’s Constitution, and having offered himself for election and being eligible, is hereby elected as a Director of the Company.”

3. Approval of Employee Share Option Plan (ESOP)

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

“That, for the purposes of being approved as an exemption from Listing Rule 7.1 pursuant to Listing Rule 7.2, exception 9, and for all other purposes, approval is given for the issue of securities and the implementation of the Employee Share Option Plan (ESOP) on the terms set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by or on behalf of a by a person who may participate in the ESOP if the resolution is passed, and any of their associates.

However, the Company need not disregard a vote cast on Resolution 3 if it is cast as a proxy for a person who is entitled to vote;

- in accordance with the directions (For, Against or Abstain) on the proxy appointment; or
- it is cast by the person chairing the meeting, and;
 - the proxy appointment does not specify how the proxy is to vote; and,
 - the appointment expressly authorises the chair to exercise the proxy.

By order of the Board

Andrew Bush
Company Secretary
16 October 2017

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Victorian time) on Tuesday, 21 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.

Voting by Proxy

If you are a shareholder entitled to attend and vote at the AGM, 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 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 2.00pm (Victorian time) on Tuesday, 21 November 2017. Proxies must be received before that time by one of the following methods:

ONLINE	www.votingonline.com.au/eqlagm2017
BY MAIL	Share Registry – Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
BY FAX	+ 61 2 9290 9655
IN PERSON	Share Registry – Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000

To be valid, a proxy 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.

Voting by 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 2.00pm (Victorian time) on Tuesday, 21 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 Corporations Act 2001. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's 2017 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the resolutions.

All resolutions are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution. Resolution 1 is an advisory resolution and requires a simple majority of votes cast by shareholders entitled to vote on the resolution. Subject to the Corporations Act 2001, Resolution 1 is advisory only and does not bind the Directors or the Company.

RESOLUTION 1: REMUNERATION REPORT

Section 250R(2) of the Corporations Act 2001 requires the shareholders to vote on an advisory resolution that the Remuneration Report (the Report) be adopted.

The Report details the remuneration policy for the Company and reports the remuneration arrangements for Key Management Personnel (identified for the purposes of the Accounting Standards) and other EGL employees. The Report is available from page 25 in the Company's Annual Report which can be viewed on the Company website (<http://www.environmental.com.au>), under Investors/ASX Announcements.

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Report.

The Directors unanimously recommend Shareholders vote in favour of this advisory resolution.

RESOLUTION 2: Election of Mr Dean Dowie

Appointed to the Board on 25 May 2017. Dean has more than 10 years' international experience driving growth across numerous market sectors in the environment, water and energy markets.

Dean recently returned to Australia after working in Senior Executive roles based out of London and Paris.

Deans' international experience and global contacts will assist EGL with their growth plans.

Dean holds an MBA from La Trobe University, has studied corporate strategy at Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

The Directors, with Mr Dowie abstaining, unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 - Approval of employee share option plan (ESOP)

This Resolution seeks shareholder approval for the implementation of the employee share option plan (ESOP).

The Board only recently implemented the ESOP, so this is the first time Shareholder approval has been sought. No securities have been issued under the ESOP.

A summary of the Plan is set out below.

Listing Rule 7.1 ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12-month period without requiring shareholder approval. Listing Rule 7.1 does not apply in certain cases set out in Listing Rule 7.2 allowing certain issues of securities to be excluded from the calculation of the number of

securities issued in the 12-month period, including exception 9. Pursuant to Listing Rule 7.2, exception 9, an issue under an employee incentive plan will not count toward a company's 15% limit provided the plan was approved by shareholders within three years before the date of the securities being issued.

This resolution proposes that Shareholders consider and approve the ESOP in accordance with Listing Rule 7.2, exception 9, which will enable securities issued under the ESOP in the course of the next three years to be excluded from the Company's 15% limit for the purpose of Listing Rule 7.1.

The following information is included for compliance with Listing Rule 7.2, exception 9.

The ESOP has been prepared to comply with ASIC Class Order [CO 14/1000] and as such, offers under the ESOP are limited to the 5% capital limit set out in the Class Order.

The Directors, unanimously recommend that Shareholders vote in favour of this Resolution.

Summary of the ESOP Rules



The Environmental Group Limited

Employee Share Option Plan

Summary of Plan

1. Introduction

- 1.1 The Board of EGL has approved EGL's Employee Share Option Plan [the "Plan"]. The Board intends to submit the Plan at EGL's next Annual General Meeting for shareholder approval.
- 1.2 This document is intended to be a summary of the intended operation of the Plan and the relevant Plan Rules governing the Plan. Further details on any of the matters set out in this summary can be found in the Plan Rules.
- 1.3 The Plan is intended to operate as a long-term incentive aimed at:
 - (a) increasing shareholder value in EGL; and
 - (b) fostering stronger connections between EGL and its employees.

2. Structure of Plan

- 2.1 The Plan allows for EGL to invite eligible employees to apply for options over Shares in EGL.
- 2.2 The Board has a general discretion to select which employees it intends to invite to subscribe for options, but it is the current intention of the Board to issue invitations to all current full-time and part time employees of EGL and its subsidiaries.
- 2.3 The terms of each invitation and any conditions attaching to any options issued will be within the general discretion of the Board.
- 2.4 It is the Board's current intention that no payment will be required for the grant of options under the Plan.
- 2.5 It is also the current intention of the Board that any options issued under the Plan would be subject to certain performance hurdles which will be based on the company achieving the goals set out in EGL's current strategic plan.

- 2.6 Once the performance hurdles have been achieved, any restrictions attaching to the options will be lifted, and the options will then be able to be converted into Shares at any time during the relevant option period.

3. Implications for employees

- 3.1 The Plan has been prepared to comply with ASIC Class Order [CO14/1000], which means that offers of options to be issued under the Plan will not exceed 5% of the issued share capital in EGL.
- 3.2 At the time of invitation, eligible employees will be able to nominate whether they wish to acquire options in their own name, or in the name of a compliant self-managed superannuation fund. Once options have been allocated by the company, options will not be capable of being transferred or encumbered by an option holder except with Board approval.
- 3.3 Options do not carry any voting or dividend rights. Options will need to be exercised, and converted into ordinary shares in EGL, before the holder will have any voting or dividend rights (as with any other shareholder of EGL).
- 3.4 The company has no obligation to apply for a quotation of the options on ASX, and the options will not be tradeable unless they are converted into shares.
- 3.5 Options need not be exercised, and may be allowed to lapse without being exercised.
- 3.6 In addition, the options may themselves lapse for a variety of reasons as set out in the Plan Rules.
- 3.7 Options will lapse if the holder ceases to be an eligible employee or director of EGL. Some may cease to be an employee for a number of reasons, some of which (such as resignation) are within the control of the employee, and some of which (such as divination, death or serious illness) which are outside of the employees control. Whatever the reason that an employee may cease to be employed by the company, the options will lapse unless the Board determines otherwise.

4. Advice for employees

- 4.1 EGL does not hold an Australian Financial Services Licence, and is unable to provide financial advice on any financial product, including its own shares. Employees should consider obtaining their own financial advice as to whether or not to accept any invitation to apply for options.
- 4.2 Aside from providing for an exercise price on the generous terms, EGL is unable to provide any financial assistance to employees in order to exercise any options issued under the Plan.
- 4.3 The Plan Rules allow the company to administer, vary, suspend and/or terminate the Plan.
- 4.4 While it is the current intention of the Board that the Plan operate in the most tax effective manner possible, the company is unable to provide any advice as to the potential taxation implications of applying for options, being issued with options, the exercise of options or acquiring shares in EGL. Employees should obtain their own taxation advice on such matters.



The Environmental Group Limited

Employee Share Option Plan Rules

Contents

<u>1.</u>	<u>Plan Objectives</u>	9
<u>2.</u>	<u>Definitions and interpretation</u>	9
<u>3.</u>	<u>Invitations</u>	12
<u>4.</u>	<u>Applications</u>	13
<u>5.</u>	<u>Grant of Options</u>	14
<u>6.</u>	<u>Vesting of Options</u>	14
<u>7.</u>	<u>Lapse of Options</u>	15
<u>8.</u>	<u>Exercise of Options</u>	15
<u>9.</u>	<u>Adjustments</u>	16
<u>10.</u>	<u>Taxation</u>	16
<u>11.</u>	<u>Administration of Plan</u>	17
<u>12.</u>	<u>Amendments to this Plan</u>	17
<u>13.</u>	<u>Terms of employment not affected</u>	18
<u>14.</u>	<u>Notices</u>	19

1. Plan Objectives

- 1.1 This document [these “**Rules**”] sets out the rules of EGL’s Employee Share and Option Plan [“**Plan**”].
- 1.2 The Plan is intended to operate as a long-term incentive aimed at:
 - (a) increasing shareholder value in EGL; and
 - (b) fostering stronger connections between EGL and its employees.
- 1.3 The Plan will commence on the date determined by the Board.
- 1.4 EGL, its Subsidiaries and each Participant are bound by these Rules.
- 1.5 The Board may only offer Invitations under this Plan:
 - (a) if EGL has provided ASIC with notice that it is relying upon the Class Order with respect to this Plan; and
 - (b) EGL has complied with any other requirements imposed upon EGL by the Class Order.

2. Definitions and interpretation

- 2.1 In these Rules:
 - (a) “**Acceptance Date**” has the meaning ascribed to that term in clause 3.2(f) below;
 - (b) “**Application Form**” means a form for the acceptance of offers made to an Eligible Person in such form as the Board may approve from time to time;
 - (c) “**Act**” means the *Corporations Act 2001* (Cth);
 - (d) “**ASIC**” means the Australian Securities and Investments Commission;
 - (e) “**ASX**” means the ASX Limited ACN 008 624 691;
 - (f) “**Board**” means the board of directors of EGL;
 - (g) “**Business Day**” means a day on which ASX is open for trading;
 - (h) “**Class Order**” means ASIC Class Order [14/1000];
 - (i) “**Date of Grant**” means with respect to an Option the date on which the Board grants the Option by issuing an Option Certificate;
 - (j) “**Director**” means a director of EGL from time to time;
 - (k) “**EGL**” means The Environmental Group Limited ACN 000 013 427;

- (l) **"Eligible Associate"** means:
 - (i) an immediate family member of an Eligible Person; or
 - (ii) a trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Person is a director of the trustee company or a trustee of the fund;
- (m) **"Eligible Person"** means an Employee;
- (n) **"Employee"** means:
 - (i) a full-time or part time employee of EGL or a Subsidiary;
 - (ii) an Australian resident for tax purposes; and
 - (iii) a person over the age of 18 years at the time of the Invitation;
- (o) **"Exercise Period"** means the period commencing on the First Exercise Date and ending on the Last Exercise Date;
- (p) **"Exercise Price"** means the subscription price per Share payable by the holder of an Option on the exercise of the Option set out on the relevant Option Certificate;
- (q) **"Financial Year"** means any period commencing on 1 July and ending on the next instance of 30 June;
- (r) **"First Exercise Date"** with respect to an Option means the first Business Day after the Vesting Date;
- (s) **"Invitation"** means an offer to take up Securities pursuant to clause 3 below;
- (t) **"Last Exercise Date"** with respect to an Option means:
 - (i) the date specified in a Certificate for the Option; or
 - (ii) if no date is specified in an Option Certificate then the date which is 5 years from the date that the Option was granted;
- (u) **"Listing Rules"** means the Listing Rules of the ASX;
- (v) **"Non-discriminatory Basis"** has the meaning given to that term in Division 83A of the *Income Tax Assessment Act 1997* (Cth);
- (w) **"Offer Document"** is given the meaning attributed to that term in the Class Order;
- (x) **"Official List"** means the Official List of ASX;
- (y) **"Option"** means an option to subscribe for a Share;
- (z) **"Option Certificate"** means a certificate issued under these Rules in a form approved by the Board from time to time;

- (aa) **“Last Exercise Date”** means the date determined as such by the Board prior to the issue of the relevant Options;
- (bb) **“Participant”** means an Eligible Person or an Eligible Associate who makes an application to participate in this Plan which is accepted by the Board;
- (cc) **“Performance Hurdle”** means criterion, condition and/or other requirement that must be satisfied;
- (dd) **“Securities”** means a Share or an Option;
- (ee) **“Share”** means a fully-paid, ordinary share in EGL;
- (ff) **“Subsidiary”** means a body corporate which is a subsidiary of EGL within the meaning of Section 9 of the Act;
- (gg) **“Tax Law”** means the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* as the case may be;
- (hh) **“Vesting Conditions”** has the meaning given in clause 6.2 below; and
- (ii) **“Vesting Date”** means:
 - (i) the date specified in the relevant Option Certificate; or
 - (ii) if no date is specified in the relevant Option Certificate then the date which is 3 years from the Date of Grant.

2.2 In these Rules unless the context clearly indicates otherwise:

- (a) the singular includes the plural and *vice versa*;
- (b) a reference to any gender includes all genders;
- (c) a reference to a time is to that time in Victoria;
- (d) monetary amounts are expressed in Australian dollars;
- (e) a reference to an individual person includes a corporation, partnership, firm, joint venture, association, authority, trust, State or government;
- (f) a reference to a recital, clause, schedule or annexure is a reference to a recital, clause, schedule or annexure of or to these Rules;
- (g) a reference to any agreement or document is to that agreement or document (and where applicable any of its provisions) as amended, novated, supplemented or replaced from time to time;
- (h) a reference to any legislation, subordinate legislation, regulation and/or statutory rule is a reference to that piece of legislation, subordinate legislation, regulation and/or statutory rule as amended, updated or replaced from time to time;

- (i) a reference to any person under these Rules includes that person's executors, administrators, substitutes, successors and permitted assigns;
- (j) if any person under these Rules consists of more than one person then the liability of those persons in all respects under these Rules is a joint liability of all those persons and a several liabilities of each of those persons;
- (k) clause headings are for convenient reference only and shall not affect the interpretation of these Rules; and
- (l) where any obligation under these Rules falls to be performed on a day other than a Business Day these Rules shall be construed as requiring that obligation to be performed on the next Business Day.

2.3 The Plan and these Rules are subject to EGL's constitution, the Act and the Listing Rules.

2.4 In the event of inconsistency between these Rules and the Listing Rules then the Listing Rules will prevail.

3. Invitations

3.1 The Board may at any time decide that this Plan should be operated in respect of any Financial Year and the Board may determine at its sole discretion:

- (a) the total number of Options to be available to be applied for;
- (b) the Issue Price (if any);
- (c) the Exercise Price (if any); and
- (d) the terms, conditions and restrictions on which the Option are to be offered.

3.2 From time to time the Board may make an Invitation in writing to an Eligible Person to participate in this Plan and apply for Options specifying:

- (a) the date of the Invitation;
- (b) the name and address of the Eligible Person to whom the Invitation is made;
- (c) the number of Options the Eligible Person is invited to apply for;
- (d) the Vesting Date and the Last Exercise Date or the basis for their determination;
- (e) the Exercise Price or the method of calculation of the Exercise Price;
- (f) the date by which an Application must be received by EGL [**"Acceptance Date"**];
- (g) any Performance Hurdle applying to the Options;
- (h) any other terms and conditions attaching to the Invitation or the Options;

- (i) whether deferral of any taxation in accordance with Division 83A-C of the Tax Law is to apply to the Invitation; and
- (j) any other information required by the Class Order.

3.3 The Invitation will be accompanied by:

- (a) an Application Form;
- (b) these Rules; and
- (c) a summary of the Plan.

3.4 An Invitation is personal to the Eligible Person to whom that Invitation is addressed and may not be transferred or renounced in favour of any other person other than an Eligible Associate of that Eligible Person.

3.5 An Invitation is an Offer Document.

3.6 An Eligible Person who receives an Invitation to apply for Options pursuant to this Plan may transfer the benefit of the Invitation to an Eligible Associate of the Eligible Person.

4. Applications

4.1 On receipt of an Invitation an Eligible Person may apply for the Options described in that Invitation by delivering to EGL an Acceptance Form completed by the Eligible Person or an Eligible Associate of the Eligible Person on or before the Acceptance Date.

4.2 By submitting a completed Application Form each Participant shall be deemed to have agreed to be bound by:

- (a) the terms of the Invitation and the Application Form;
- (b) the provisions of these Rules; and
- (c) the constitution of EGL.

4.3 The Board may refuse at the Board's discretion to accept any Application under clause 4.1 above if at the Application Date the Eligible Person to whom the Invitation was addressed:

- (a) is no longer an Employee,
- (b) has given notice of his or her resignation as an Employee and/or,
- (c) has been given notice of termination of employment as an Employee.

4.4 No payment shall be required for the issuing of any Options under this Plan unless the Board determines otherwise.

4.5 No brokerage, commission, stamp duty or other transaction costs will be payable by Participants in respect of any allotment of Securities under this Plan.

5. Grant of Options

- 5.1 Upon acceptance by the Board of a duly signed and completed Application Form (together with any moneys payable in respect of the grant) EGL may grant Options to the Participant with effect from such date as the Board determines.
- 5.2 As soon as reasonably practicable after the acceptance of an Application Form EGL shall cause an Option Certificate to be provided to each Participant setting out:
- (a) the number of Options issued to the Participant;
 - (b) the Exercise Price of those Options or the method of its calculation;
 - (c) the Date of Grant of those Options;
 - (d) the Vesting Date of the Options or the basis on which the Vesting Date is to be determined; and
 - (e) the expected Last Exercise Date of the Options or the basis on which the Last Exercise Date is to be determined.
- 5.3 Each Participant has full legal and beneficial ownership of any Securities allotted to that Participant but any dealings with those Securities by the Participant are restricted as provided in this Plan.
- 5.4 EGL will not apply for listing of Options on ASX.
- 5.5 Options allotted under this Plan may not be dealt with (meaning for the purposes of this Plan disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as determined by the Board) by a Participant at any time until the First Exercise Date of the Option.

6. Vesting of Options

- 6.1 Subject to clause 6.2 below an Option vests on the Vesting Date.
- 6.2 The vesting of any Option held by a Participant is subject to the following conditions being satisfied:
- (a) the Participant must have been an Eligible Person or an Eligible Associate of an Eligible Person at all times between the Date of Grant and the Vesting Date (inclusive);
 - (b) the Performance Hurdles relating to the Option;
 - (c) any other conditions included in the Option Certificate for the Option; and
 - (d) any other conditions imposed by the Board in its absolute discretion—
- [together the “**Vesting Conditions**”].
- 6.3 The Board shall notify the holder of Options upon the occurrence of any event or the satisfaction of any Performance Hurdle which would cause Options to vest.

- 6.4 The Board may in its discretion and by notice to a Participant waive or vary any Vesting Conditions for an Option at any time.
- 6.5 Following the vesting of an Option the Board may at EGL's expense apply for those Options to be quoted on ASX if the Board forms the view that the Options meet the quotation requirements set out in the Listing Rules.

7. Lapse of Options

- 7.1 Subject to clause 7.2 below Options lapse on the earlier of:
- (a) the expiry of the Exercise Period;
 - (b) a determination by the Board that a Performance Hurdle has not been achieved or a condition of the Option has not been satisfied;
 - (c) a determination by the Board that a Participant has acted fraudulently or dishonestly or is in material breach of his or her obligations to EGL or a Subsidiary;
 - (d) the passing of a resolution to wind up EGL; or
 - (e) upon the Participant ceasing to be an Eligible Person or an Eligible Associate of an Eligible Person.
- 7.2 Notwithstanding clause 7.1 above the Board may in its absolute discretion determine to:
- (a) reduce, vary or waive any Performance Hurdle that has not been achieved in relation to an Option; or
 - (b) extend the date on which a Participant's Options would otherwise lapse by a period of not more than 60 days.

8. Exercise of Options

- 8.1 A Participant may at any time during the Exercise Period (but not after an Option has lapsed and subject to clause 8.2 below) exercise all or any of the Options by lodging with EGL:
- (a) a written notice of exercise of option specifying the number of Shares in respect of which Options are being exercised [**"Option Exercise Notice"**]; and
 - (b) payment to EGL of the Exercise Price multiplied by the number of Shares in respect of which Options are being exercised.
- 8.2 Options must be exercised so as to result in the allotment of a marketable parcel within the meaning of the Listing Rules.
- 8.3 Upon receipt of an Option Exercise Notice and the payment referred to in clause 8.1 above the Board shall allot to the Participant the Shares to which the Participant is entitled subject to the provisions of the constitution of EGL.

- 8.4 Upon allotment of Shares pursuant to the exercise of Options EGL will use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.

9. Adjustments

- 9.1 Option holders do not have any right to participate in:
- (a) new issues of Shares in EGL made to shareholders generally; or
 - (b) declared dividends.
- 9.2 Where required by the Listing Rules EGL shall provide Participants with prior notice of any proposed new issue of Securities to be made to shareholders generally.
- 9.3 Option holders do not participate in any dividends unless the Options are exercised and the resultant Shares of EGL are issued prior to the record date to determine entitlements to the dividend.
- 9.4 If there is a bonus issue to the holders of Shares in EGL then number of Shares over which an Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- 9.5 If during the life of any Option there is any rights issue or reorganisation (including any subdivision, consolidation, reduction or return) of the issued capital of the Company then the number of Options held by a Participant, the number of Shares to which the Options relate, and the Exercise Price per Option will be adjusted:
- (a) in the way specified by the Listing Rules; or
 - (b) if the Listing Rules do not specify any adjustment then in the manner determined by the Board acting reasonably.

10. Taxation

- 10.1 Any Invitation made pursuant to this Plan will specify whether subdivision 83A-C of the Tax Law applies to that Invitation such that any tax payable by a Participant under the Invitation will be deferred to the applicable deferred taxing point described in that subdivision.
- 10.2 This clause is intended to comply with section 83A-105(6) of the Tax Law such that subdivision 83A-C applies to any Invitation made pursuant to this Plan where the terms of the Invitation comply with the requirements of that subdivision and the Invitation expressly states that subdivision 83A-C is to apply to the Invitation.
- 10.3 Neither EGL nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of any Participants.
- 10.4 If when EGL makes or is deemed to make a payment to a Participant under these Rules and is obliged to deduct or withhold any amount of tax or other government levy or impost then the payment or deemed payment to the Participant is to be made net of the deduction or withholding.

11. Administration of Plan

11.1 The Board administers this Plan and may:

- (a) determine appropriate procedures for the administration of this Plan which are consistent with these Rules; and
- (b) 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 this Plan.

11.2 Except as otherwise expressly provided in this Plan the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions pursuant to this Plan and to act or refrain from acting under or in connection with this Plan.

11.3 EGL may from time to time require a Participant to complete and return such other documents as may be required by law to be completed by that Participant.

11.4 The Plan may be terminated, suspended and/or reinstated at any time by resolution of the Board and notification to the ASX in accordance with the Listing Rules.

11.5 The Plan and any Invitation to apply for Options must be operated on a Non-Discriminatory Basis.

11.6 An Invitation must not have any conditions that could result in a Participant forfeiting ownership of Shares acquired under the Plan.

11.7 If there is any dispute or disagreement as to the interpretation of the Plan or these Rules the decision of the Board is final and binding upon all persons.

11.8 Notwithstanding any other provision in these Rules no Securities may be offered, issued, vested or exercised if to do so would contravene the Act or the Listing Rules.

11.9 The Plan and these Rules shall be governed by and construed in accordance with the laws of the State of Victoria.

12. Amendments to this Plan

12.1 Subject to clause 12.2 below and the Listing Rules the Board may by resolution amend, revoke or replace the Plan or these Rules.

12.2 The Board may not amend the Plan or these Rules if the amendment would materially reduce the rights of a Participant in respect of a Security allotted before the date of the amendment unless the amendment is introduced primarily:

- (a) to comply with any State or Commonwealth legislation that affects this Plan;
- (b) to correct a manifest error;
- (c) to address possible adverse tax implications in respect of this Plan arising from:
 - (i) a ruling of any relevant taxation authority;

(ii) a change to tax legislation (including an official announcement by any relevant taxation authority); or

(iii) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction; or

(d) to enable EGL to comply with its constitution, the Act, other legislation or the Listing Rules.

12.3 Subject to clause 12.2 above any amendments made under this clause may be given retrospective effect as specified in the written instrument by which the amendment is made.

12.4 As soon as reasonably practicable after making any amendment under this clause the Board will inform each Participant affected.

13. Terms of employment not affected

13.1 Neither this Plan, these Rules, nor any Securities issued under the Plan:

- (a) form part of any contract of employment, engagement or any arrangement in respect of any such employment or engagement between an Eligible Person and EGL; or
- (b) constitute a related condition or collateral arrangement to any such contract of employment or engagement-

and participation in this Plan does not in any way affect the rights and obligations of a Participant under the terms of his or her employment or engagement.

13.2 The terms of a Participant's employment or engagement with EGL do not in any way affect the rights and obligations of a Participant under this Plan.

13.3 A Participant has no right to compensation or damages from EGL in respect of any loss of future rights under this Plan because of termination of the Participant's employment or engagement.

13.4 Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person the right to continue as a Director or Employee;
- (b) will be considered in determining an Eligible Person's salary or remuneration for the purposes of superannuation;
- (c) affects the rights and obligations of any Eligible Person under the terms of their office or employment;
- (d) affects any rights which EGL may have to terminate the office, employment or engagement of an Eligible Person or will be considered in determining an Eligible Person's termination or severance pay;
- (e) may be used to increase damages in any action brought against EGL or a Subsidiary of EGL in respect of any such termination; or

- (f) confers any responsibility or liability on EGL or Associated Body Corporate or their directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person.

14. Notices

- 14.1 Any notice, certificate or other communication to be given to the Board or EGL shall be deemed to have been served if sent to the following address:

Level 1 Suit 1, 10 Ferntree Place, Notting Hill Victoria 3168

- 14.2 Any notice, certificate or other communication to be given to an Eligible Person shall be deemed to have been served if sent to the last known addresses for the Eligible Person known to EGL.

- 14.3 Any notice, certificate or other communication to be given to a Participant shall be deemed to have been served if sent to any address of the Participant set out in any Application Form.

- 14.4 Service of any notice, certificate or other communication under these Rules shall be deemed to take place as follows:

- (a) in the case of an electronic mail, at the time of sending;
- (b) in the case of hand-delivery, at the time of delivery; and
- (c) in the case of ordinary, pre-paid post, on the day which is four (4) Business Days after the date of sending.

