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#### **Electronic Lodgement**

### **AMCIL Limited Dividend Substitution Share Plan**

The Company is pleased to announce the introduction of a Dividend Substitution Share Plan (DSSP).

For future dividends, the DSSP will enable eligible shareholders to elect to forgo their right to a dividend and receive bonus shares instead. The DSSP will operate alongside the Company's existing Dividend Reinvestment Plan (DRP) but importantly has different taxation implications to the DRP.

It is important that shareholders carefully read the Rules of the DSSP and seek their own independent advice before participating in the DSSP.

A copy of the Rules of the DSSP and an explanatory letter is attached. The letter will be sent to shareholders.

A copy of the relevant tax ruling is available on the Company's website.

A handwritten signature in grey ink, appearing to read 'Matthew Rowe'.

Matthew Rowe  
Company Secretary

Authorised by the Board of AMCIL Limited

**AMCIL Limited**  
**ABN 57 073 990 735**

**DIVIDEND SUBSTITUTION SHARE PLAN**

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**Important Notice:** The offer to purchase Shares under this Dividend Substitution Share Plan ("DSSP") is not a recommendation to purchase Shares. If you are in any doubt about whether or not, or the extent to which, you should participate in the DSSP, you should consider obtaining professional financial and/or taxation advice to assist you (taking into account your own financial situation, needs and objectives). Nothing in this booklet, the DSSP Form or any other accompanying documentation constitutes investment or financial product advice or is intended to influence your decision whether or not to participate in the DSSP.

If you have any questions in relation to the DSSP after reading this booklet, please contact the Share Registry:

Computershare Investor Services Pty Ltd  
PO Box 2975  
Melbourne  
VIC 3000  
Tel: 1300 653 915 (Australia)  
+613 9415 4373 (from overseas)  
Fax: (03) 9473 2500  
Internet: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

Alternatively, you can email AMCIL Limited at [invest@amcil.com.au](mailto:invest@amcil.com.au).

## Features

- A simple and convenient way of automatically receiving additional AMCIL Limited ("AMCIL") shares as an alternative to receiving dividends.
- In most circumstances, shares received under the DSSP should not be subject to Australian income tax at the time the shares are allotted, as under Australian legislation these shares are deemed not to be a dividend. For Australian income tax purposes, the shares issued under the DSSP should impact the tax gain or loss which may arise on a subsequent disposal of the bonus shares and the Participating Shares. The taxation rules are different in New Zealand and other jurisdictions. All shareholders should seek their own advice before determining whether they should participate in the DSSP.
- Shares allocated under the DSSP rank equally with all of AMCIL's other fully paid ordinary shares.
- You do not have to appoint a stockbroker or pay fees, brokerage, goods and services tax or other transaction costs for shares allocated under the DSSP.
- Participation is voluntary. You can choose to elect all, part or none of your dividend entitlement to participate in the DSSP. If you choose partial participation, you will receive a dividend cheque or direct credit or Dividend Reinvestment Plan ("DRP") statement for the portion of your shares not participating in the DSSP.
- Eligible shareholders can continue to participate in the DRP if they wish. This will mean that they may obtain the benefit of any tax offset (or franking credit) arising from any franked dividend received. Similarly, those shareholders who continue to participate in the DRP may, depending on their circumstances, continue to obtain a tax deduction relating to any LIC Gain associated with the dividend that they have been paid. With respect to shares that participate in the DSSP, as the allotment of the shares under the DSSP should not be considered a dividend, shareholders should not benefit from any tax offset arising from the dividend forgone which would otherwise be franked nor will shareholders obtain relief in the form of a tax deduction in relation to LIC Gains which may have been included in the dividends forgone.
- You can join, withdraw or vary your participation in the DSSP at any time. However, if you are making or changing your decision close to the announcement of AMCIL's annual or half-yearly results, make sure you have returned your completed and signed DSSP Form to the Share Registry before 5pm (Melbourne time) on the relevant Closing Date. If your DSSP Form is not received in time, it will not be applicable for processing until after the dividend has been paid. Your instruction will then only apply to the next and subsequent dividends.
- DSSP statements are sent to shareholders shortly after the payment date of each dividend. Details of the calculation and your participation are provided. You should retain this statement for tax purposes.

## **Frequently Asked Questions and Answers**

### **1. How do I participate in the DSSP?**

Participation in the DSSP is entirely voluntary. Contact the Share Registry to request a DSSP Form, or obtain one from, or apply online on, their website ([www.investorcentre.com](http://www.investorcentre.com)).

### **2. Who is eligible to participate in the DSSP?**

All AMCIL shareholders are entitled to participate in the DSSP, with some exceptions.

Please see the DSSP Rules in this booklet for further information about eligibility.

### **3. How is the issue price calculated?**

The issue price is based on a weighted average market price of Shares calculated during a set pricing period. The Board may also determine that a discount is to be applied to the weighted average market price. The issue price will be rounded either up or down to the nearest cent (0.5 cents to be rounded down).

### **4. Do all my Shares have to participate in the DSSP?**

You can choose to have less than your full shareholding participating in the DSSP, provided you specify the number of Shares per registered holding for participation.

### **5. Is there a minimum or maximum participation level?**

To participate in the DSSP, you must specify a number of Shares per registered holding prior to the dividend announcement date. AMCIL has the discretion to introduce a minimum and maximum participation level.

### **6. How many Shares will I receive?**

The number of DSSP Shares you receive will be calculated by multiplying the number of Participating Shares you hold at the Dividend Record Date by the relevant dividend, deducting any withholding tax (if applicable) and adding any residual amount carried forward in your DSSP account then dividing this amount by the Average Market Price (less any discount). Where this calculation results in a residual amount remaining, this amount will be carried forward in your DSSP account.

### **7. How will I know how many Shares I receive under the DSSP?**

All participants in the DSSP will be sent a statement shortly after the Dividend Payment Date. This statement will include:

- the number of Participating Shares you held in your registered holding at the Dividend Record Date;
- any residual amount in your DSSP account to be applied;
- the total amount applied to the acquisition of Shares under the DSSP;
- the number of DSSP Shares issued to your registered holding and their date of issue; and
- any residual amount to be carried forward in your DSSP account.

#### **8. How will my DSSP Shares be treated for the subsequent dividend payments?**

If you choose to participate fully in the DSSP, all Shares held by you in the relevant registered holding at each Dividend Record Date will be treated as participating in the DSSP, including any previously acquired DSSP Shares or other Shares.

If you choose Partial Participation, only the number of Shares you have specified in the relevant registered holding will be treated as participating in the DSSP. Any requested change to your DSSP participation share numbers must be received by 5pm (Melbourne time) on the Closing Date to be effective in respect of the relevant dividend.

#### **9. What if I have more than one AMCIL shareholding?**

You will need to complete a separate DSSP Form for each of your shareholdings. To make it easier to manage your shareholdings, you may want to combine your shareholdings. Please contact the Share Registry for more information.

#### **10. What will happen if I combine my separate shareholdings?**

If you decide to combine your holdings for instance, by converting your issuer sponsored holding to your CHESS holding (or vice versa), your participation in the DSSP may be affected by the conversion of your holdings. You should contact the Share Registry to ensure the appropriate DSSP election continues to be applied to the resultant holding.

#### **11. Can the DSSP be changed or terminated?**

The Board may vary the Rules or suspend, recommence or terminate the DSSP at any time. If this occurs, AMCIL will make a public announcement via ASX and information will be available at <http://www.amcil.com.au/>.

#### **12. How do I change my DSSP participation?**

You can change your participation or withdraw from the DSSP by contacting the Share Registry to request a DSSP Form, or obtaining one from, or applying online on their website ([www.investorcentre.com](http://www.investorcentre.com)).

Your DSSP Form must be received, by the Share Registry, by 5pm (Melbourne time) on the Closing Date, to be effective in respect of the relevant dividend.

### **13. Can I sell my DSSP Shares?**

Shares acquired through the DSSP can be sold at any time after allocation by AMCIL and quotation on ASX. If you sell all of your Shares participating in the DSSP between an Ex-Dividend Date and the Dividend Payment Date, your dividend entitlement in respect of those Participating Shares will still be used to acquire Shares through the DSSP. However, if you sell all of those Shares before the Ex-Dividend Date, you will not receive Shares under the DSSP or any other payment on the Dividend Payment Date.

### **14. What is the taxation treatment?**

AMCIL cannot advise on the taxation implications of participating in the DSSP. If you have any questions regarding the taxation implications, please consult your accountant or other professional adviser.

We note that AMCIL has sought a class ruling from the Australian Taxation Office in respect of certain tax outcomes for Australian resident AMCIL shareholders who hold their Participating Shares on capital account. A copy of the Australian Taxation Office class ruling once issued will be available on the AMCIL website (<http://www.amcil.com.au>). In considering your tax outcomes associated with participating in the DSSP you or your advisor should have regard to the class ruling. [Note that in the Class Ruling the DSSP is referred to as a Bonus Share Plan ("BSP").]

The DSSP provides for shareholders to elect not to receive a dividend in respect of all or some of their AMCIL shares but to receive instead additional fully paid shares issued as bonus shares to the equivalent value of the dividend forgone. AMCIL understands for Australian residents, who hold their Participating Shares on capital account, that shares issued under the DSSP should not be considered or deemed to be a dividend for Australian income tax purposes. Therefore, in these circumstances such shares should not, in general, be subject to Australian income tax on allotment.

Furthermore, where a shareholder forgoes a dividend which would otherwise be franked, the shareholder should not be entitled to a "franking offset" (or associated "franking credit") as the shareholder is not taken to have received a franked dividend. Similarly, as the bonus share allotted should not be considered a dividend, no tax relief in the form of a tax deduction should be available relating to the LIC gain which would otherwise be included in the dividend forgone.

For Australian income tax purposes, where a shareholder ultimately disposes of a bonus share issued under the DSSP, a taxable gain or loss may arise. Broadly, the tax cost base of the Participating Shares should be allocated across both the Participating and Bonus shares issued in proportion to the market value of those shares when calculating the gain or loss. We note that certain anti-avoidance rules should be considered in relation to the income tax treatment of any gain or loss arising on the realisation of bonus shares.

The Explanatory Memorandum introducing the anti-avoidance rules provides that the participants in a Dividend Substitution Share Plan of a listed public company should

not be subject to the anti-avoidance rules, “unless the shareholder receiving the bonus shares engages in a course of conduct which provided an equivalent to a cash dividend in a more tax effective form (e.g. if a pre-CGT shareholder consistently sold the bonus shares tax-free after receiving them).”

## **Rules of the Dividend Substitution Share Plan (DSSP)**

### **1. Eligibility**

All persons who for the time being are registered as holders of Shares are eligible to participate in the DSSP, except:

- a) a Shareholder with a registered address outside Australia and New Zealand where, in the opinion of the Board, it would be unreasonable for that Shareholder to participate in the DSSP (including by having regard to the number of Shareholders in the place where the offer would be made and, the number and value of Shares the Shareholders would be offered and the cost of complying with legal requirements, and requirements of a regulatory authority, in that place);
- b) a Shareholder who is subject to the laws of a country or place other than Australia who may not be eligible to participate in the DSSP because of legal requirements that apply in that country or place;
- c) a Shareholder that is a person, or a person of a class, whom the Board in their discretion have determined not to be eligible to participate in the DSSP; or
- d) as otherwise provided in these Rules.

### **2. Participation**

#### **2.1 Participation in the DSSP:**

- a) is optional and voluntary;
- b) is not transferable; and
- c) may be varied or terminated at any time as set out in Rule 9.

#### **2.2 The Board may admit to participation in the DSSP an Applicant who, by completing and lodging the DSSP Form with the Share Registry, requests that:**

- a) such number of Shares as is specified in the application be participating Shares in the DSSP ("Participating Shares");
- b) such Participating Shares not be entitled to participate in any dividend declared by AMCIL; and
- c) the Applicant be issued such number of Shares as may be determined in accordance with Rule 7.1.

#### **2.3 If a Shareholder wishes to participate in the DSSP with respect to one or more of its shareholdings, a DSSP Form must be lodged with respect to each separate shareholding.**



- 2.4 Where an application does not specify the number of Shares to be Participating Shares, the application shall be deemed to apply to all of the Shares then held by the Applicant and all of the Shares of which the Applicant subsequently becomes the holder whether or not acquired under the DSSP.
- 2.5 If Shares are held jointly or severally by Eligible Shareholders, then a DSSP Form signed by at least one of those Eligible Shareholders is deemed to be signed by all of them. If one or more joint or several holders of Shares is not an Eligible Shareholder, then none of those joint or several holders can apply to participate in the DSSP with respect to those Shares.

### **3. Level of Participation**

- 3.1 A Participating Shareholder may elect one of the following two levels of participation in the DSSP:
- a) a Shareholder may participate in the DSSP in respect of all Shares registered in its name as at each Dividend Record Date for a dividend, other than Shares in respect of which a full dividend is not then payable ("Full Participation"); or
  - b) a Shareholder may nominate a specific number of Participating Shares less than the total holding of that Shareholder, other than Shares in respect of which a full dividend is not then payable ("Partial Participation").
- 3.2 Where a Participating Shareholder has elected Partial Participation, then subject to Rules 3.3 and 4, only that number of Participating Shares specified in the DSSP form completed by the Participating Shareholder shall participate in the DSSP. Subject to Rules 3.3 and 4, all Shares subsequently acquired by the Participating Shareholder, whether under the DSSP or otherwise, shall only participate in the DSSP to the extent that the Participating Shareholder alters the participation level in accordance with these Rules.
- 3.3 Where the number of Shares held by a Participating Shareholder becomes less than the number nominated as participating in the DSSP, that Shareholder will be deemed to have elected Full Participation until the number of Shares held by that Shareholder (including those issued under the DSSP) again exceeds the number of Shares nominated as Participating Shares.

### **4. Minimum and Maximum Participation**

- 4.1 The Board may from time to time determine that, whether in respect of a particular dividend or as a continuing term of participation in the DSSP, a minimum or maximum number of Shares are required to be participating. AMCIL may vary this minimum or maximum number by noting such variation on AMCIL's website and by notice to ASX.

- 4.2 To the extent that a DSSP Form specifies a number of Participating Shares in excess of a maximum limit set by the Board:
- a) that maximum limit will be deemed to be the number of Participating Shares; and
  - b) those Shares in excess of that maximum limit will be deemed to be Non-Participating Shares, and any dividend payable in respect of those Shares will be a cash dividend.
- 4.3 To the extent that a DSSP Form specifies a number of Participating Shares which is less than the minimum limit set by the Board, the Shareholder will receive a cash dividend in respect of that shareholding.
- 4.4 Where a maximum limit is set under Rule 4.1, AMCIL may waive the limit on the number of Participating Shares at any time for any Eligible Shareholder who holds Shares as a trustee or nominee for a number of beneficial owners (who are also Eligible Shareholders), provided that:
- a) any Eligible Shareholder who requests that AMCIL waive the limit must provide AMCIL such evidence as AMCIL may request to satisfy it that the Eligible Shareholder holds Shares as a trustee or nominee for a number of beneficial owners (who are also Eligible Shareholders);
  - b) such trustee or nominee will not at any time participate in the DSSP on behalf of any single beneficial owner in excess of the limit set under Rule 4.1;
  - c) Rule 4.2 will apply as if each such beneficial owner is the registered Shareholder.

## **5. Acceptance of DSSP Forms**

A DSSP Form is effective:

- a) from the date the DSSP Form is received by the Share Registry;
- b) in respect of a dividend, only if it is received at the Share Registry's office by 5pm (Melbourne time) on the relevant Closing Date.

## **6. Significance of Application**

By applying to participate in the DSSP, an Applicant:

- a) warrants to AMCIL that they are an Eligible Shareholder;
- b) authorises AMCIL (and its Board, employees or agents) to correct any error in, or omission from, its DSSP Form;
- c) acknowledges that AMCIL may at any time irrevocably determine that the Applicant's DSSP Form is valid, in accordance with these Rules, even if the DSSP Form is incomplete, contains errors or is otherwise defective;

- d) acknowledges that AMCIL may refuse any DSSP Form;
- e) consents to the establishment of a DSSP account on its behalf;
- f) acknowledges that neither AMCIL nor the Share Registry has provided the Applicant with investment, taxation or other advice and that neither has any obligation to provide any such advice, concerning participation in the DSSP; and
- g) unconditionally agrees to the Rules and agrees not to do any act which would be contrary to the intention of the DSSP,

in each case, at all times until termination of the DSSP or of the Applicant's participation in the DSSP.

## **7. Share Issue**

- 7.1 Whenever AMCIL declares a dividend on its Shares, each Shareholder that is a Participating Shareholder at the Dividend Record Date for that dividend shall be entitled to have issued to them a number of Shares determined by the application of the following formula:

$$\frac{A + (B \times C)}{D}$$

**D**

where:

"A" is the amount, in cents, of any residual amount residing in the DSSP account of a Participating Shareholder

"B" is the number of Shares that are Participating Shares;

"C" is the amount of that dividend in cents per Share less any withholding tax (if applicable); and

"D" is the Average Market Price, with any applicable discount of such amount as the Board may from time to time determine.

- 7.2 The determination of value under Rule 7.1 by the Board will be binding on all Participating Shareholders.
- 7.3 Where the application of the formula in Rule 7.1 results in a fractional entitlement, the fractional entitlement shall be expressed as an amount rounded to the nearest cent and carried forward as a residual non-interest bearing amount in a Participating Shareholder's DSSP account.
- 7.4 AMCIL will announce any discount applicable to the DSSP for any dividends payable on a particular Dividend Payment Date as soon as reasonably practicable after it announces the dividend.

## **8. Issue of Shares**

- 8.1 In the case of Shares to be Allocated pursuant to the DSSP:
- a) such Shares will be allotted within the time specified in the listing requirements of ASX; and
  - b) the Despatch Statements and any other relevant holding statements will be issued to each relevant Participating Shareholder following each allotment.
- 8.2 All DSSP Shares will, from the date of Allocation, rank equally in all respects with all of other Shares then on issue and will be eligible to participate in all dividends subsequently declared by AMCIL, subject to Rule 3.2 and 3.3.
- 8.3 DSSP Shares will be registered on the share register on which the Participating Shareholder already holds Shares or, if the Participating Shareholder holds Shares on more than one share register, on the share register which AMCIL determines.
- 8.4 After any Allocation, AMCIL will promptly apply for the Shares so issued to be admitted to quotation by ASX.
- 8.5 AMCIL will not charge any brokerage, commission, or other transaction costs in respect of an application for, or the issue of, Shares pursuant to the DSSP.
- 8.6 The issue of Shares under the DSSP is subject to AMCIL's Constitution.

## **9. Participating Shareholders' Variation or Termination of Participation**

- 9.1 A Participating Shareholder may increase or reduce the number of Participating Shares held by that Participating Shareholder by completing and lodging a DSSP Form, specifying the variation, with the Share Registry.
- 9.2 A Participating Share shall cease to be a Participating Share:
- a) upon receipt by the Share Registry of a DSSP Form stating that the holder of the Participating Share desires that such Share should cease to be a Participating Share;
  - b) upon registration of a transfer or transmission of that Share;
  - c) upon termination of the DSSP by AMCIL;
  - d) upon receipt by AMCIL of notice of the death, bankruptcy or liquidation of the holder of that Participating Share; or
  - e) upon the holder of that Participating Share ceasing to be an Eligible Shareholder.

- 9.3 A Share which has ceased to be a Participating Share may again become a Participating Share on the acceptance by AMCIL of a DSSP Form by the same or subsequent holder of that Share.
- 9.4 In the case of Partial Participation, when a Participating Shareholder disposes of part of its holding of Shares, then, unless the Participating Shareholder advises AMCIL otherwise, the Shares disposed of will be deemed to be Shares not participating in the DSSP. If the number of Shares disposed of is greater than the number of the Participating Shareholder's Shares not participating in the DSSP, the Shares disposed of will be deducted from the Participating Shareholder's holding of Shares in the following order:
- a) Shares not participating in either the DRP or DSSP;
  - b) Shares participating in the DRP; and
  - c) Shares participating in the DSSP.

## **10. Board Variation, Suspension, Recommencement and Termination of the DSSP**

- 10.1 The DSSP may be:
- a) varied (including by variation of the Rules);
  - b) suspended;
  - c) recommenced; or
  - d) terminated, by the Board at any time.
- 10.2 A variation, suspension, recommencement or termination of the DSSP will take effect:
- a) on such date as the Board determines; and
  - b) in the case of a suspension, until such time as the Board resolve either to recommence or terminate the DSSP.
- 10.3 Any variation, suspension, recommencement or termination of the DSSP will not give rise to any liability on the part of, or right of action against, AMCIL nor its Board, employees, or agents.
- 10.4 If the DSSP is suspended, Participating Shareholders' elections with respect to the DSSP will cease to be effective until such time as the DSSP is recommenced and all Shares will be deemed to be Non-Participating Shares for the purpose of any dividend declared while the DSSP is suspended.
- 10.5 If the DSSP is recommenced following a suspension, the Participating Shareholder's previously suspended DSSP Form will be reinstated and be valid and effective in accordance with these Rules for the purposes of the

recommended DSSP, unless determined otherwise by AMCIL and notified to Participating Shareholders in accordance with Rule 10.6.

- 10.6 Any notice to Shareholders or announcement to be made by AMCIL or the Board in relation to the DSSP (including in relation to any modification, suspension or termination, any discount or any other matter provided for in these Rules) may be made:

- a) by notice to ASX for release to the market and on AMCIL's website; or
- b) by notice to Shareholders in accordance with the provisions of the Constitution which provide for notices to Shareholders.

Any such notice or announcement will be effective from the date given, or any other date provided for in these Rules or referred to in the notice or announcement.

- 10.7 The accidental omission to give notice of termination, variation, suspension or recommencement to any Participating Shareholder or the non-receipt of any notice by any Participating Shareholder will not invalidate the termination, variation, suspension or recommencement of the DSSP or any Allocation of Shares under the DSSP.

- 10.8 If the DSSP is suspended or terminated by AMCIL, a Participating Shareholder will not be entitled to receive from AMCIL payment of any cash balance remaining in the Participating Shareholder's DSSP account at the time when participation in the DSSP is suspended or terminated

## **11. Board's Powers**

- 11.1 This DSSP will be administered by the Board who is authorised under these Rules, and has the discretion to:

- a) determine any procedures for administration of the DSSP that are consistent with the Rules;
- b) resolve conclusively all questions of fact or interpretation in connection with the DSSP;
- c) resolve in such manner as it thinks expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the DSSP, whether generally or in relation to any Participating Shareholder or any Shares;
- d) enter into any underwriting arrangements regarding the DSSP that they deem appropriate;
- e) exercise discretions or powers (including any power to make a choice, decision, determination or resolution) of AMCIL under these Rules;
- f) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of its discretions, authorities or powers arising under the DSSP including, without

limitation, the power to delegate such discretions, authorities or powers;  
or

g) waive strict compliance with any of the provisions of these Rules.

11.2 Any discretion, authority or power (including any power to make a choice, decision, determination or resolution) exercisable by AMCIL or the Board under these Rules or by a delegate under Rule 11.1(f):

- a) is final and binding on the Participating Shareholders and any other relevant persons;
- b) is exercisable in the absolute discretion of AMCIL, the Board or the delegate, as the case may be; and
- c) may be exercised at any time and from time to time.

## **12. Costs to Participating Shareholders**

No fees, brokerage, goods and services tax, stamp duty or other transaction costs will be charged by AMCIL in respect of the Allocation of DSSP Shares pursuant to these Rules unless required by law.

## **13. Taxation**

Neither AMCIL nor its Board, employees or agents:

- a) take any responsibility or assume any liability for, or as a consequence of, any taxes or other imposts assessed against or imposed upon a Participating Shareholder; or
- b) represent or warrant that a Participating Shareholder will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the DSSP.

## **14. Limitation of Liability**

None of AMCIL, any of its subsidiaries or any of their respective directors, officers or employees will be liable or responsible to any participant in the DSSP for any loss or alleged loss or disadvantage suffered or incurred by such participants arising, directly or indirectly, from the establishment or operation of the DSSP or their participation in the DSSP or in relation to any advice given with respect to participation in the DSSP.

## **15. Exception to dividend payment**

The DSSP will not apply to cases where in accordance with these Rules, AMCIL's Constitution or otherwise by law, the Board is entitled to retain all or part of a dividend payment in respect of a Participating Shareholder and over which Shares or dividend AMCIL holds, or is entitled to hold, a charge or lien.

## **16. Governing Law**

These Rules are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia. Each Participating Shareholder submits to the exclusive jurisdiction of the courts of that State.

## **17. Interpretation**

In these Rules, unless the contrary intention appears:

- a) a reference to a Rule is a reference to a Rule in these Rules;
- b) a reference to the DSSP or these Rules includes any variation or replacement of them;
- d) the singular includes the plural and vice versa;
- e) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including but not limited to, persons taking by novation) and assigns;
- g) headings are inserted for convenience and do not affect the interpretation of these Rules; and
- h) if there is any inconsistency between the provisions of the Rules and the Frequently Asked Questions or otherwise, the provisions of the Rules will prevail to the extent of any inconsistency.



## Definitions

In this booklet, the following words and expressions have the meanings indicated unless the contrary intention appears.

Allocation	The issue of new Shares to Participating Shareholders under the DSSP.
AMCIL	AMCIL Limited (ABN 57 073 990 735)
Applicant	A Shareholder who applies to participate in the DSSP, or vary the extent of their participation in the DSSP (as the case may be).
ASX	ASX Limited.
Average Market Price	In respect of a dividend, the average of the daily volume weighted average sale price per Share of Shares sold in the ordinary course of trading on the ASX and Chi-X automated trading systems during the five trading days commencing on (and including) the Ex-Dividend Date for that dividend, rounded to the nearest cent (with 0.5 cents to be rounded down).
Board	The board of directors of AMCIL.
Chi-X	Chi-X Australia Pty Ltd
Closing Date	The date and time, as determined by the Board and announced to ASX, by which a person must have lodged a DSSP Form to apply for, vary or terminate participation in the DSSP.
Despatch Statement	A statement prepared by and forwarded from the Share Registry in respect of each dividend payment and giving the following information with respect to each Participating Shareholder:

- (a) the number of Participating Shares in the DSSP at the relevant Dividend Record Date;
- (b) the amount of any residual amount in a Participating Shareholder's DSSP account;
- (c) the total amount applied to the acquisition of Shares under the DSSP;
- (d) the number of Shares allotted under the DSSP and their date of issue; and
- (e) the amount of any residual amount carried forward in a Participating Shareholder's DSSP account

Dividend Payment Date	In respect of a dividend, the date on which that dividend is payable, as announced by AMCIL.
DRP	AMCIL's Dividend Reinvestment Plan.
DSSP	AMCIL's Dividend Substitution Share Plan to which these Rules apply, as varied from time to time.
DSSP Form	The form relating to the DSSP used to apply for, vary or terminate participation in the DSSP, including the online version of the form. Participating Shareholders may obtain the DSSP Form by contacting the Share Registry.
DSSP Shares	Shares which a Participating Shareholder acquires by way of Allocation under the DSSP in lieu of receiving a dividend entitlement.
Ex-Dividend Date	In respect of a dividend, the first date following the declaration of that dividend from which purchasers of Shares in the ordinary course of trading on ASX acquire Shares without any entitlement to be paid that dividend payment (with that entitlement remaining with the seller).
Eligible Shareholder	A Shareholder eligible to participate in the DSSP in accordance with Rule 1
Full Participation	Has the meaning given in Rule 3.1(a).
LIC Gain	A portion of the dividend that is sourced from certain realised capital gains upon which tax has been or is due to

be paid. Certain Shareholders can claim a tax deduction in respect of these capital gains.

Non-Participating Shares	Shares which a Participating Shareholder has not nominated for participation in the DSSP, or which have ceased to be Participating Shares.
Partial Participation	Has the meaning given in Rule 3.1(b).
Participating Shares	Has the meaning given in Rule 2.2(a).
Participating Shareholder	An Applicant admitted to participation in the DSSP.
Rules	These rules of the DSSP as varied from time to time.
Share	Fully paid ordinary share in AMCIL, and any other share issued by AMCIL that the Board decide are eligible for participation in the DSSP.
Share Registry	Computershare Registry, or any other share registry that maintains the share register of AMCIL.
Shareholder	A registered holder of Shares.

July 2020



Dear Shareholder

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## INTRODUCTION OF DIVIDEND SUBSTITUTE SHARE PLAN (DSSP)

Recently the Company announced a new choice available for shareholders in respect of dividends, a Dividend Substitute Share Plan (or DSSP). Under this new Plan some of our shareholders may elect to forgo their dividend and instead have shares issued by the Company. Those who choose to participate in the Plan do not receive a dividend and therefore do not receive attached franking credits or the LIC capital gains tax deductions. On the other hand, they do receive additional shares in the Company with a market value equivalent to the dividend they have chosen to forgo.

AMCIL ("AMH") is not able to give specific tax advice to shareholders. However, generally speaking this new DSSP may be of interest to shareholders on high marginal tax rates who wish to accumulate more shares in AMCIL. Instead of paying income tax when the dividend is received (where their marginal tax rate is above the 30% implied tax rate in franked dividends), they would be subject to capital gains tax on the DSSP shares when they are ultimately sold.

Shareholders will need to consider whether their individual tax circumstances warrant electing to receive shares under the DSSP and should seek professional advice accordingly as the Company cannot give investment or taxation advice. Shareholders should also note that the taxation regimes are different in other countries, including New Zealand and this should be considered in determining whether to participate in the DSSP.

In summary, shareholders will now have the choice of three options when AMCIL declares a dividend payment :

1. Receipt of the cash dividend with the attached franking credits and LIC capital gains tax deductions if available, or
2. Participation in the Dividend Reinvestment Plan (DRP) which automatically reinvests the dividend into AMH shares but shareholders still have access to the franking credits and LIC capital gains tax deductions if available, or
3. Participation in the DSSP which allows shareholders to receive additional fully paid shares, issued as 'bonus' shares to the equivalent value of the dividend forgone. However shareholders would not receive the franking credits or the LIC capital gains tax deductions.

**Shareholders who wish to continue to receive cash dividends or to remain in the DRP do not need to do anything.**

If shareholders wish to participate in the DSSP, a DSSP form is available on the AMCIL website [amcil.com.au](http://amcil.com.au) or from Computershare, or simply by amending the instructions via your Investor Centre log-in with Computershare. The Plan will operate for the final dividend for the year to 30 June 2020 and dividends thereafter. Applications will need to be received by the share registry **by 5 pm on 6<sup>th</sup> August 2020** to be eligible for the DSSP in respect of the final dividend. Full details of the DSSP, including the Rules and the Class Ruling received from the ATO are available on the Company's website.

On the reverse are a number of frequently asked questions regarding the DSSP.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Teele'.

Bruce Teele  
Chairman

**What is a DSSP ?**

It is an opportunity for shareholders to elect to receive a substitute share instead of a dividend. This means that as Australian resident shareholders who participate do not receive a dividend, they will not usually be subject to income tax on the shares that they receive instead.

It is similar to the Bonus Option Plan offered by ANZ, the Bonus Share Plan offered by QBE or the DSSP offered by AFIC, for example.

**How will the DSSP operate ?**

Shareholders will elect to participate in the DSSP in the same way that they can elect to join the DRP.

**Will the DRP continue ?**

Yes, both plans will continue to operate alongside each other.

**When will the DSSP start ?**

The DSSP will be available for the final dividend for the year 30 June 2020.

**What is the difference between the DRP and the DSSP?**

Australian resident participants in the DRP will still get franking credits and LIC gains but may still be subject to income tax on the dividend.

Australian resident participants in the DSSP will not get franking credits or LIC gains but will usually not be subject to income tax. The receipt of the substitute shares will change the tax cost base of the AMH shares that participate in the DSSP and may therefore increase any capital gains tax paid on any subsequent disposal.

**Who is likely to benefit from participation in the DSSP ?**

Under current Australian tax legislation, any Australian resident who pays income tax of more than 30% and would rather defer tax obligations until such time as their shares are disposed of may find participation in the DSSP useful. This may include higher marginal rate taxpayers, or cases where shares are held in the name of children and the dividend exceeds the tax-free threshold.

**Who is likely to be better-off in a DRP rather than the DSSP ?**

Any Australian resident who pays less than 30% on the income from their AMH shares and can therefore make use of the franking credits attached to the AMH dividend is likely to find participation in the DRP a better way of increasing their AMH shareholding rather than the DSSP.

**How can shareholders participate in the DSSP ?**

Shareholders can notify Computershare, AMCIL's Share Registry, via a DSSP form, available on the AMCIL website ([amcil.com.au](http://amcil.com.au)) or from Computershare. Alternatively, and most simply, shareholders can change their instructions via their Investor Centre account online with Computershare.

Other information about the DSSP is also available on the AMCIL website.

**Note that the above guidelines should not be construed as tax advice, and that taxation legislation is different in other countries, including New Zealand.**

**Shareholders should seek their own advice in determining whether participation in the DSSP is appropriate for them.**