

10 April 2015

## *ASX Announcement & Media Release*

### **Notice of Meeting, Executive Incentive Plan and proposed issue of options**

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FAR Limited (ASX: FAR) attaches its Notice of Meeting and proxy form together with an Executive Incentive Plan adopted and approved by the Board and listed for adoption by the shareholders in Resolution 5 of the Notice of Meeting.

FAR wishes to issue 68 million options in July 2015 to various employees and Directors under the terms of the Executive Incentive Plan, 23 million of the options are to be issued to the Directors listed in Resolutions 6 to 8 of the attached Notice of Meeting.

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#### **For more information please contact**

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# *Notice of Annual General Meeting and Explanatory Statement*

For the Annual General Meeting to be held at 10.00 am on Friday 15 May 2015  
at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria

**This is an important document. Please read it carefully.**

**If you are unable to attend the Annual General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.**

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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **Venue**

The Annual General Meeting of the shareholders of the Company will be held at 10.00am on Friday 15 May 2015 at Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria.

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in Person**

To vote in person, attend the meeting on the date and time and at the place set out above.

### **Voting by Proxy**

To vote by proxy, please complete and sign the Proxy Form enclosed and either:

- send the Proxy Form by post to Advanced Share Registry, PO Box 1156, Nedlands, Western Australia 6909; or
- send the Proxy Form by facsimile to Advanced Share Registry on facsimile number +61 (8) 9262 3723

Or

- for online voting, [www.advancedshare.com.au](http://www.advancedshare.com.au)

so that it is received not later than 10.00 am on 13 May 2015.

**Proxy Forms received later than this time will be invalid.**

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**FAR LIMITED ABN 41 009 117 293**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of shareholders of FAR Limited ('Company') will be held at 10.00 am on Friday 15 May 2015 at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria.

**AGENDA**

**ADOPTION OF FINANCIAL STATEMENTS**

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors, for the financial year ending 31 December 2014.

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Annual Report for the year ended 31 December 2014."

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

**RESOLUTION 2 – RE-ELECTION OF BEN CLUBE**

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

"That Ben Clube, who retires in accordance with the Company's Constitution, being eligible for re-election, be re-appointed as a director of the Company."

**RESOLUTION 3 – RE-ELECTION OF REG NELSON**

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

"That Reg Nelson, who retires in accordance with the Company's Constitution, being eligible for re-election, be re-appointed as a director of the Company."

**RESOLUTION 4 – RATIFICATION OF PREVIOUS PLACEMENTS**

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

"That for the purposes of ASX Listing Rule 7.4 and all other purposes, the shareholders of the Company hereby ratify and approve the allotment and issue of 374,977,011 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

**RESOLUTION 5 – ADOPTION OF EXECUTIVE INCENTIVE PLAN**

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

"That:

- (a) for the purposes of ASX Listing Rule 7.2 exception 9, section 260C(4) of the Corporations Act, section 259B(2) of the Corporations Act and for all other purposes, the shareholders of the Company approve the issue of securities under the Executive Incentive Plan; and
- (b) for the purpose of section 257B of the Corporations Act the shareholders of the Company resolve that the Executive Incentive Plan is an 'employee share scheme'.

**RESOLUTION 6 – ISSUE OF OPTIONS – CATH NORMAN**

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 10 million Options to Cath Norman on the terms and conditions set out in the Explanatory Statement."

**RESOLUTION 7 – ISSUE OF OPTIONS – BEN CLUBE**

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 8 million Options to Ben Clube on the terms and conditions set out in the Explanatory Statement."

**RESOLUTION 8 – ISSUE OF OPTIONS – REG NELSON**

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

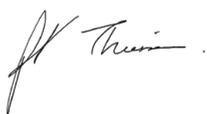
"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 5 million Options to Reg Nelson on the terms and conditions set out in the Explanatory Statement."

**RESOLUTION 9 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISION**

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

"That the proportional takeover provision in rule 8.13 of the Company's Constitution be renewed for a period of three years commencing from the date of this Annual General Meeting."

Dated this 10th day of April 2015



Peter Thiessen, Company Secretary

## NOTES:

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. For the purposes of the Corporations Act, securities will be taken to be held by persons who are registered holders as at 7.00 pm on 13 May 2015.
3. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution if they think fit.
4. If a proxy is instructed to abstain from voting on an item of business, the proxy is directed not to vote on the shareholder's behalf on the poll and the shares that are subject of the proxy appointment will not be counted in calculating the required majority.
5. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf.
6. If a proxy form is returned but the nominated proxy does not attend the meeting or does not vote on the resolution, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
7. Proxy appointments in favour of the chairman that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this notice of meeting.
8. The proxy form must be signed by the member or his/her attorney duly authorised in writing or if the shareholder is a corporation in a matter permitted by the Corporations Act or in accordance with the laws of that corporation's place of incorporation.
9. Proxies need to be returned as instructed on the proxy form to be received no later than 48 hours before the commencement of the meeting.

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## VOTING EXCLUSIONS

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel ('KMP'), details of whose remuneration are included in the Remuneration Report; or a closely related party of a KMP whether the votes are cast as a shareholder, proxy or in any other capacity. Section 250R of the Corporations Act prohibits a vote being cast in any such circumstance.

However, the Company will not disregard a vote cast by a member of the KMP ('KMP member') or a closely related party of a KMP member if the vote is cast as a proxy; the proxy is appointed by writing that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a KMP member or a closely related party of a KMP member.

KMP members are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

If you are a KMP member or a closely related party of a KMP member (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a KMP member means any of the following:

- a spouse or child of the KMP member;
- a child of the KMP member's spouse;
- a dependant of the KMP member or the KMP member's spouse;
- anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealing with the Company;

- a company the KMP member controls; or
- a person prescribed by regulations (as at the date of this Notice of Annual General Meeting, no such regulations have been prescribed).

The proxy form accompanying this Notice of Annual General Meeting contains instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy and to direct the Chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

### RESOLUTION 4 – RATIFICATION OF PREVIOUS PLACEMENT

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associate of any such person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTIONS 5, 6, 7 AND 8 – ADOPTION OF EXECUTIVE INCENTIVE PLAN, AND ISSUE OF OPTIONS TO CATH NORMAN, BEN CLUBE, AND REG NELSON

The Company will disregard any votes cast on these resolutions by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme) and any associate of any such person, unless the vote is cast by:

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

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## ENQUIRIES

Shareholders are invited to contact the Company Secretary, Peter Thiessen, on (61 3) 9618 2550 if they have any queries in respect of the matters set out in these documents.

# EXPLANATORY STATEMENT

## GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company to be held on 15 May 2015.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to the vote at the Annual General Meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform Shareholders in the Notice of Annual General Meeting that a resolution to this effect will be put at the Annual General Meeting. The Remuneration Report is contained within the Directors' Report in the Company's Annual Report for the year ended 31 December 2014. It sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and the non-executive Directors.

Shareholders are advised that, pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company. Accordingly, the Company will not be required to alter any arrangements detailed in the Remuneration Report, should the Remuneration Report not be adopted.

If 25% or more of the votes cast on Resolution 1 are against adoption of the Remuneration Report, then:

- a) if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial period ending 31 December 2015 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- b) if, at the 2016 Annual General Meeting, 25% or more of the votes cast on the resolution for the adoption of the remuneration report for the financial year ending 31 December 2015 are against its adoption, the Company must put to its shareholders a resolution proposing that an extraordinary general meeting ('Spill Meeting') be held within 90 days. Where a Spill Resolution is carried (i.e. more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution), the Directors generally (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

The Company recommends that members who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution, including this Resolution 1. If you complete a proxy form that authorises the Chairman of the Annual General Meeting to vote on your behalf as a proxyholder, and you do not mark any of the boxes 'for' or 'against' or 'abstain' so as to give the Chairman directions about how your vote should be cast in relation to Resolution 1, but you do tick the box to the left of the heading 'Important for Resolution 1' on the proxy form, your proxy appointment will automatically direct the Chairman to vote in favour of the resolution to adopt the Remuneration Report and the Chairman will vote accordingly.

The Chairman intends to vote in favour of Resolution 1 where the Chairman is directed to do so by instructions in Step 2 on the Proxy Form or, in the absence of such a direction in Step 2, where the box to the left of the heading 'Important for Resolution 1' on the proxy form is ticked.

If you wish to appoint the Chairman as your proxyholder but you do not want to put the Chairman in the position to cast your votes in favour of Resolution 1, you should complete the appropriate box on the proxy form, directing the Chairman to vote against or abstain from voting on Resolution 1.

### 2. RESOLUTION 2 – RE-ELECTION OF BEN CLUBE

In accordance with the Company's Constitution and the ASX Listing Rules, Ben retires and being eligible for re-election, offers himself for re-election at the Meeting.

Details about Ben are set out in the 2014 Annual Report.

### 3. RESOLUTION 3 – RE-ELECTION OF REG NELSON

In accordance with the Company's Constitution and the ASX Listing Rules, Reg retires and being eligible for re-election, offers himself for re-election at the Meeting.

Details about Reg can be viewed on the ASX announcement released in April 2015.

### 4. RESOLUTION 4 – RATIFICATION OF PREVIOUS PLACEMENTS

During the 2014 year the Company undertook two capital raisings resulting in the placement of 624,961,685 Shares.

On 2 June 2014, the Company announced the placement of 200,000,000 Shares at an issue price of \$0.04 per share. The Placement Shares were placed to clients of Bell Potter Securities Limited, and other sophisticated investors under Listing Rule 7.1, raising \$8,000,000 before costs.

On 20 October 2014, the Company announced the placement of 424,961,685 Shares at an issue price of \$0.11 per share which included 174,977,011 shares placed under Listing Rule 7.1. The Placement Shares were placed to clients of Bell Potter Securities Limited, and other sophisticated investors, raising \$46,745,785 before costs.

ASX Listing Rule 7.1 provides, in summary, that subject to certain exceptions a listed company may not issue equity securities in any 12 month period which, in total, would exceed 15% of the number of issued securities of the company at the beginning of the 12 month period, except with the prior approval of shareholders. Under ASX Listing Rule 7.1, the prior approval of Shareholders was not required to issue the placements shares because those securities, when aggregated with securities issued by the Company during the previous 12 months (other than securities issued with Shareholder approval or under another exception to listing rule 7.1), did not exceed 15% of the number of securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies a previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

Ratification is now sought for the issue of the placements shares, pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue securities within the 15% of its issued capital limit without the need to first obtain Shareholders' approval to enable the Company to consider additional funding opportunities over the next 12 months should they arise, consistent with the provisions of ASX Listing Rule 7.1 and the Corporations Act.

The Directors recommend the ratification of the issue of the securities and recommend that Shareholders vote in favour of Resolution 4.

ASX Listing Rule 7.5 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.4. For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the placements and this Resolution 4:

- (a) 374,977,011 Shares were issued and allotted under Listing Rule 7.1;
- (b) 200,000,000 Shares were issued at an issue price of \$0.04 per Share and 174,977,011 Shares were issued at an issue price of \$0.11 per Share under Listing Rule 7.1;
- (c) the Shares rank equally with existing Shares on issue;
- (d) the Shares were issued to international and domestic institutional clients of Bell Potter Securities Limited, and other sophisticated investors, who subscribed under the placements;
- (e) the funds raised under the placements have and will be used to fund offshore oil and gas exploration in Senegal and Kenya and for working capital purposes; and
- (f) a voting exclusion statement is included in the Notice.

## **5. RESOLUTION 5 – ADOPTION OF EXECUTIVE INCENTIVE PLAN**

### **5.1 *Background***

The Executive Incentive Plan ('Plan') is intended as an incentive for directors (with separate shareholder approval), executives, employees and other eligible persons to share in the ownership of the Company in order to:

- (a) promote long-term success of the Company;
- (b) provide a strategic, value based reward for eligible persons who make a key contribution to that success;
- (c) align eligible persons' interests with the interests of the Company's Shareholders; and
- (d) promote the retention of eligible persons.

### **5.2 *Summary of terms of the Plan***

The following is a summary of the key terms and conditions of the Plan:

Under the Plan, the Company may offer or issue to eligible employees a range of alternative securities:

- (a) performance rights – performance rights are a right to be issued or provided with a fully paid ordinary share ('Share') in the Company at nil exercise price upon specific vesting conditions being achieved;
- (b) options – options are a right to be issued or provided with a Share upon payment of an exercise price and which can only be exercised if specific vesting conditions are achieved;
- (c) deferred share awards – deferred share awards are Shares issued to employees:
  - (i) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
  - (ii) by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment;
- (d) exempt share awards – exempt share awards are Shares issued for no consideration or at an issue price which is a discount to the market price with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Income Tax Assessment Act) of the total value or discount received by each employee will be exempt from tax; and

- (e) limited recourse loan awards – limited recourse loan awards are Shares where some or all of the issue price is funded by way of a loan made to a participant by the Company to enable the participant to acquire a Share, (together, 'Awards').

### **Eligible Employees**

Awards may be granted at the discretion of the Board to any full-time or permanent part-time employee or officer, or director of the Company or any related body corporate of the Company ('Employees').

### **Limits on Grant**

An offer of Awards must not be made if the aggregate number of the following will exceed 5% of the number of issued Shares on that date:

- (a) the number of Shares which are the subject of the offer of Awards;
- (b) the total number of Shares which are the subject of any outstanding offers of Awards;
- (c) the total number of Shares issued during the previous five years under the Plan or any other employee share scheme (but not including existing Shares transferred to a participant after having been acquired for that purpose); and
- (d) the total number of Shares which would be issued under all outstanding Awards that have been granted but which have not yet been exercised, terminated or expired.

For the purposes of these limits, the 5% limit does not count an offer to a person situated outside Australia, an offer that did not need disclosure because of section 708 of the Corporations Act, or an offer made under a disclosure document (such as a prospectus) as defined in the Corporations Act.

### **Price**

The Board has discretion to determine the issue price and/or exercise price for the Awards.

### **Vesting and Exercise of Awards**

The Awards held by a participant will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the Plan. Vesting conditions may be waived at the discretion of the board.

### **Restrictions**

Performance rights and options are restricted Awards until they are exercised or expire. An offer may specify a further restriction period for Shares issued on exercise of the performance rights or options.

Deferred share awards are generally restricted for a period which expires on the earlier of:

- (a) when a participant ceases to be an Employee;
- (b) when the Board, in its discretion, agrees to end the restriction period; and
- (c) unless a different period is specified in an offer, 10 years from the date of issue of Shares.

Unless a different period is specified in an offer, exempt share awards are generally restricted for a period of three years, unless the participant ceases to be an Employee, at which time the exempt share awards would expire.

Limited recourse loan awards are restricted Awards until the relevant financial assistance is repaid or discharged.

The board may at any time in its discretion waive or shorten the restriction period applicable to an Award.

## **Change of Control**

In the event a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid, the board may waive unsatisfied vesting conditions in relation to some or all Awards. Further, if a takeover bid is made to acquire all of the issued Shares of the Company, participants may accept the takeover bid in respect of any Shares which they hold notwithstanding the restriction period in respect of those Shares has not expired.

## **Variation of Share Capital**

If prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash), the terms of the Awards will be changed to the extent necessary to comply with the ASX Listing Rules.

## **Suspension, Termination or Amendment**

The Plan may be suspended, terminated or amended at any time by the board, subject to any resolution of the Company required by the ASX Listing Rules.

### **5.3 ASX Listing Rule requirements**

ASX Listing Rule 7.1 limits the issue of equity securities to a maximum of 15% of the Company's issued capital over a rolling 12 month period. There are a number of exceptions to Listing Rule 7.1, including exception 9 of ASX Listing Rule 7.2 which provides that securities granted under an employee incentive scheme are not required to be included in the 15% calculation where shareholders approve the grant of securities as an exception to ASX Listing Rule 7.1, and the approval is refreshed every three years.

If this resolution is approved, securities may be granted by the Company in accordance with the approval up until the date which is three years after the date of this Annual General Meeting. If this resolution is approved, details of any securities granted under the Plan will be published in the Company's annual report for the year in which they are granted. This is the first incentive scheme put to shareholders for consideration, and no securities have previously been issued under a scheme previously.

### **5.4 Corporations Act requirements**

Pursuant to the Plan, the Company may (amongst other things) offer or issue Limited Recourse Loan Awards, which are Shares where some or all of the Issue Price is funded by way of a loan made to a participant by the Company to enable the participant to acquire a Share.

The provision of a loan to a participant will be considered to be the provision of financial assistance by the Company in relation to the acquisition of Shares by the participant, as referred to in section 260A of the Corporations Act. Under section 260C(4) of the Corporations Act, financial assistance is exempted if it is given under an employee share scheme that has been approved at a general meeting of the Company.

Further, under the terms of the Plan, the Company will have security over the Shares in respect of which a loan has been granted. A company is prohibited under the Corporations Act from taking security over its own shares except if an exemption applies, including as a result of the security arising under an employee share scheme that has been approved at a general meeting of the Company under section 259B(2) of the Corporations Act.

Under the Plan, the Company may in some circumstances be in a position to buy-back some or all of the Shares held by a participant. The Plan is an 'employee share scheme' for the purposes of section 257B of the Corporations Act.

### **5.5 Issues since last approval**

No securities have previously been issued to directors, executives, employees, or other eligible persons under the Plan.

## **BACKGROUND TO RESOLUTIONS 6 TO 9**

The Company expects to issue 68 million options in July 2015 to various employees and Directors under the terms of the Plan, 23 million of the options are to be issued to the Directors listed in Resolutions 6 to 8 below, subject to shareholder approval.

The recent very significant success that FAR has achieved at its Senegal project now necessitates a new strategic approach to the development of the company. Of paramount importance now is that the Senegal project progresses to potential economic viability of a future development project as quickly as is possible. Reaching this milestone should see the value of the company increase very substantially. The next few years will be an intense period for the board and senior management of the company where strong and focused leadership along with skill and determination and a great deal of lengthy international travel will continue to be required so as to ensure the potential share value upside is not 'leaked away' by inaction or poor decision making. We have already moved to strengthen the board by the appointment of Reg Nelson and we feel strongly that at this time it is very important to align the financial interests of the board and executive very closely with the interests of shareholders. We have considered how best to achieve this for FAR under its present circumstances reflecting the particular challenges ahead of us.

The current incentive systems in fashion by Australian public companies that have arisen in response to public and political pressure since the global financial crisis are widely thought of as very poor and the taxation treatment as retrogressive. Indeed the government has now admitted as much and has moved to substantially revise the taxation treatment. In our view eschewing complicated schemes in favour of issuing simple call options at a premium to the ruling share price, with a vesting condition that makes them available only if the key objective has been met, is the best way to achieve our goal. Accordingly we are proposing the issue of options which are the subject of the following resolutions. When the issue is complete the company will have employee options on issue representing 4.5% of the issued share capital based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.

We propose to issue options with a 3 year term with an exercise price at a 30% premium to the ruling market price. These options will have a vesting condition which means they will not be exercisable unless our Senegal oil discovery is declared commercial by the joint venture during the term of the options or in other words unless the key value enhancing achievement has been made.

The accounting treatment of the 'value' of the options is particularly technical and in our view whilst we are required to report this as part of the total remuneration package we consider it misleading. We note that for example the options issued to Cath Norman for the purposes of the remuneration report have a value of \$530,000 for the accounting declarations even though they may well ultimately not even be able to be exercised. We note that the current taxation treatment of the same options values them at around \$4,000 for income purposes. So we would urge you to consider this accounting valuation carefully as it can be misinterpreted.

We also note that these options are to be issued following a recent very substantial rise in the FAR share price and so are issued very much for future performance rather than historical.

## 6. RESOLUTION 6 – ISSUE OF OPTIONS TO CATH NORMAN

### 6.1 *Background*

Resolution 6 seeks Shareholder approval for the issue of 10 million Options to Cath Norman, the Managing Director of the Company. The options proposed to be granted to Cath will be issued for nil consideration and will vest when the Operator of the Senegal joint venture announces to the effect of potential economic viability of a future development project.

Under the terms of her employment contract with the Company, Cath's current total remuneration package excluding options is \$550,000. For further details in respect of her remuneration please refer to the Annual Report.

The purpose of the issue of Options to Cath is in recognition of her continued expected contribution to the Company's development, and to provide an appropriate added incentive for her to contribute to increasing Shareholder value and to lead the Company in a manner which should underpin the potential success of the Company. The issue of the Options should encourage productivity, enhance loyalty and provide an incentive for future performance aligned to shareholder interests.

The Board (excluding Cath) has made the decision to recommend to shareholders to issue the Options to Cath on the basis of an assessment of her expected contribution to, and her continuing involvement with, the Company, taking into account the fact that the Company operates with a relatively small number of Directors. The Board, took account what it considered to be an appropriate assessment of the overall reasonable remuneration for a Managing Director for an organisation of the Company's size and geographical spread.

Cath currently holds 34 million options, 20 million options with a strike price of 6 cents and expiry of 30 June 2015 and 14 million options with a strike price of 4.4 cents and expiry of 30 June 2016. The Company is entering a busy period with the Senegal evaluation program ramping up and having regard to the likely challenges Cath is expecting to face over the next little while, her proposed contribution and requirements of her will be significant. The proposed new Option issue is intended to supplement the existing options which are on issue.

The Directors believe the options value in conjunction with other remuneration represents reasonable remuneration and market price. Cath during this time will continue to be responsible for developing and implementing strategy ensuring the Company is adequately financed, leading and managing the team in the best interest of the shareholders and promoting the Company to the Investment community. The options whilst having an estimated value of \$530,000 calculated using the Black Scholes model and the inputs shown below are worthless unless the Company's shares increase by 30% in value above the 5 day volume weighted average share price prior to grant date and will not vest at all unless an announcement to the effect of potential economic viability of a future development project is made by the Senegal Joint Venture. Cath receives no other benefits other than her salary, any bonuses determined by the Board and options.

### 6.2 *ASX Listing Rule 10.14*

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including an Option) to a related party of the Company under an incentive scheme. It is proposed that the Options be issued under the Executive Incentive Plan described above.

Cath is a related party of the Company because she is the Managing Director of the Company.

Accordingly, Shareholder approval for the issue of Options to Cath pursuant to Resolution 6 is required by ASX Listing Rule 10.14.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.14, the following information is provided in relation to the issue of Options pursuant to Resolution 6:

- (a) the maximum number of Options to be issued by the Company is 10 million Options to Cath;
- (b) the Options will be issued for nil cash consideration as they are being issued to Cath in order to provide a material additional incentive for her ongoing commitment and dedication to the continued success of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in retaining the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (c) the Options will be issued not more than twelve months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date, potentially in July 2015;
- (d) no loan will apply in relation to the Options;
- (e) no funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised); and
- (f) this is the first incentive scheme put to shareholders for consideration, and no securities have previously been issued under a scheme.

### 6.3 *Additional Information*

The following information is provided in relation to Resolution 6:

- (a) the Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options, although funds may be raised in the future to the extent the Options are exercised;
- (b) the terms and conditions of the Options to be issued are set out below and involve an exercise premium of 30% to the share price as at the proposed date of issue;
- (c) Cath has a material personal interest in the outcome of Resolution 6 and accordingly does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 6, recommend that Shareholders approve Resolution 6. The Directors (other than Cath) considered Cath's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Cath;
- (d) if Shareholders approve the issue of Options to Cath, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.3% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised;
- (e) the primary purpose of the issue of Options is to allow the Company to provide cost effective incentive for the ongoing dedication and efforts of Cath. The Directors (other than Cath) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Cath upon the terms proposed;

- (f) the current security holdings (direct and indirect) of Cath in the Company are as follows:

	Shares	Options
Cath Norman	574,417	34,000,000

- (g) based on current contractual arrangements, Cath's annual emolument for the year ended 31 December 2015 is expected to be:

	Remuneration
Cath Norman	\$550,000

- (h) in the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Date	Price
Highest	8 October 2014	14.5 cents
Lowest	30 June 2014	3.4 cents
Last Trading Price	26 March 2015	9.6 cents

- (i) the estimated value of the Options has been calculated using the Black-Scholes valuation method and is set out below.
- (j) the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

#### 6.4 *Option Terms*

The terms of issue of the Options are as follows:

- (a) each Option vests on the announcement to the effect of potential economic viability of a future development project by the Senegal joint venture Operator before 1 June 2018 when the options lapse;
- (b) the Options held by the holder can be exercised in whole or in part, and if exercised in part, multiples of 5,000 must be exercised on each occasion;
- (c) the exercise price for each Option will be 130% of the volume weighted average market price of the Company's ordinary shares during the five days immediately prior to the date of issue, rounded up to the nearest 0.1 of a cent. The actual exercise price of the Options will be announced once known. For illustrative purposes, the exercise price of the Options where the volume weighted average price was equal to the highest, lowest and last trading price of the securities during the last year as listed in section 6.3 (h) above would be as follows:

	Volume Weighted	Price
Highest	14.5 cents	18.9 cents
Lowest	3.4 cents	4.4 cents
Last	9.6 cents	12.5 cents

- (d) each Option is exercisable into one ordinary fully paid share in the Company which shall rank pari passu with existing shares;
- (e) the optionholder cannot participate in any new issue of securities of the Company without exercising the Options;
- (f) the optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the Options in which case the optionholder will be afforded the period of at least seven Business Days prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;

- (g) the Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (h) the Options are non-transferable;
- (i) in the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on optionholders which are not conferred on Shareholders and for such purpose the Company may vary the number, exercise price or other terms of the Options in such manner as may be necessary to comply with the listing rules;
- (j) the number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (k) in the event of termination of employment, the optionholder will have 30 days in which to exercise the Options or the date of expiry in accordance with paragraph (a) whichever is the earlier. Any Options not exercised in this period will be cancelled;
- (l) in the event of death of the holder, the options which the holder is entitled to exercise at the time are exercisable within the earlier of six months of death by the legal person or representative or the date of expiry in accordance with paragraph (a). Any Options not exercised in this period will be cancelled;
- (m) in the event of a takeover bid within the meaning of the Corporations Act being made for the Company and the bidder becoming entitled to become the registered holder of at least 90% of the ordinary shares during the bid period, any Options are exercisable by the end of the bid period and any such Options which have not been exercised by the end of that period shall lapse;
- (n) in the event that a court orders a meeting to be held in relation to a scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the ordinary shares in the Company and such shareholder approval is obtained, any Options are exercisable within three days of the date of the shareholder approval and any such Options not exercised by the end of that period shall lapse; and
- (o) in the event that the Company ceases to have an interest in the Senegal joint venture as a consequence of completion of a transfer by the Company of the Company's entire interest in the Senegal joint venture to one or more third parties, then any Options vest; and
- (p) in the event of a pro-rata issue of shares by the Company, there will be no change to the exercise price of the Options.

#### 6.5 *Estimated Valuation of Options*

The Options have an estimated value of \$530,000 as at 26 March 2015 using the Black-Scholes valuation.

The estimated valuation has been based upon the following inputs and assumptions:

- (a) a spot share price of 9.6 cents;
- (b) an indicative Option exercise price of 12.5 cents;
- (c) a risk free rate of 2.25% per annum. This rate has been assessed having regard to the Reserve Bank of Australia cash target rate released on 4 March 2015;

- (d) a volatility factor of 97%. This has been assessed having regard to a review of annualised historical volatilities over a 100 day, 300 day, 500 day and 700 day periods yielding volatilities of 98.0%, 99.6%, 86.7% and 84.3% respectively. Based on this information the Company has conservatively determined 97% as a representative volatility rate and the most representative for the next three years;
- (e) an indicative issue date of 1 July 2015 and expiry date of 1 June 2018; and
- (f) all other terms and conditions as outlined in Section 6 of this Explanatory Statement.

Based on the above, the Options to be issued pursuant to Resolution 6 have been valued at 5.3 cents each under the Black-Scholes valuation method. The actual value of the options will be determined at the date of issue.

## **7. RESOLUTION 7 – ISSUE OF OPTIONS TO BEN CLUBE**

### **7.1 *Background***

Resolution 7 seeks Shareholder approval for the issue of 8 million Options to Ben Clube, a Director of the Company. Each Option will be exercisable on the terms and conditions set out in Section 6 of the Explanatory Statement.

The Options proposed to be granted to Ben will be issued for nil consideration and will vest when the Operator of the Senegal joint venture announces to the effect of potential economic viability of a future development project.

Under the terms of his employment contract with the Company, Ben's current total remuneration package excluding options is \$475,000. For further details in respect to his remuneration please refer to the Annual Report.

The Board (excluding Ben) considers that this issue of Options to Ben would create an appropriate incentive for him to manage the operations of the Company in a manner which should underpin the potential success of the Company. The issue of the Options should encourage productivity, enhance loyalty and provide an incentive for future performance whilst preserving the Company's cash resources. The Board, took account what it considered to be an appropriate assessment of the overall reasonable remuneration for an Executive Director and Chief Operating Officer for an organisation of the Company's size and geographical spread.

Ben currently holds 22 million options, 10 million options with a strike price of 6 cents and expiry of 23 July 2015 and 12 million options with a strike price of 4.4 cents and expiry of 30 June 2016. The Company is entering a busy period with the Senegal evaluation program ramping up and having regard to the likely challenges Ben is expecting to face over the next little while, his proposed contribution and requirements of him will be significant. The proposed new Option issue is intended to supplement the existing options which are on issue.

The Directors believe the options value in conjunction with other remuneration represents reasonable remuneration and market price. Ben is responsible for the operational management of the Company's interest in the upcoming Senegal appraisal and exploration program. The additional work load to be placed on Ben during this period is expected to be significant. As the operations are conducted in the northern hemisphere and in a different time zone many meetings will be conducted well into the late evening. It is expected Ben will be required to travel internationally significantly during the year representing the Company's interests. Ben during this time will continue to manage with respect to the Company's joint ventures: the commercial interface, management systems, attend joint venture meetings, ensure operations are conducted in accordance with agreements, manage farm-outs and foster and

develop relationships with partners. The options whilst having an estimated value of \$424,000 calculated using the Black Scholes model and the inputs shown below are worthless unless the Company's shares increase by 30% in value above the 5 day volume weighted average share price prior to grant date. Ben receives no other benefits other than his salary, any bonuses determined by the Board and options.

### **7.2 *ASX Listing Rule 10.14***

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including an Option) to a related party of the Company. This is the first incentive scheme put to shareholders for consideration, and no securities have previously been issued under a scheme.

Ben is a related party of the Company because he is a Director of the Company.

Accordingly, Shareholder approval for the issue of Options to Ben pursuant to Resolution 7 is required by ASX Listing Rule 10.14.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of Options to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.14, the following information is provided in relation to the issue of Options pursuant to Resolution 7:

- (a) the maximum number of Options to be issued by the Company is 8 million Options to Ben;
- (b) the Options will be issued for nil cash consideration as they are being issued to Ben in order to provide a material additional incentive for his ongoing commitment and dedication to the continued success of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in retaining the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (c) the Options will be issued not more than twelve months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date potentially in July 2015;
- (d) the Options will be issued on the terms and conditions of the Executive Incentive Plan which are more precisely set out in Section 6 of this Explanatory Statement;
- (e) no loan will apply in relation to the Options;
- (f) no funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised); and
- (g) this is the first incentive scheme put to shareholders for consideration, and no securities have previously been issued under a scheme.

### **7.3 *Additional Information***

The various aspects relating to the proposed Options issue regarding Ben are the same as those aspects relating to the Options issued to Cath Norman described above. Unless otherwise stated below, each of the items described above with respect to Cath equally apply to Ben and are not to be repeated here. Particular aspects which differ (in addition to those stated above) are as follows:

- (a) it is proposed to issue 8 million Options to Ben as distinct from 10 million Options to Cath;

- (b) accordingly, as at the date of the Notice of Meeting the estimated valuation of Ben's proposed Options is \$424,000 rather than \$530,000 in the case of Cath, based on the valuation factors in Section 6.5 of this Explanatory Statement;
- (c) Ben's current security holding (direct and indirect) in the Company is 1.92 million shares and 22 million options; and
- (d) the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 7.

Ben has a material personal interest in the outcome of Resolution 7 and accordingly does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 7, recommend that Shareholders approve Resolution 7. The Directors (other than Ben) considered Ben's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Ben.

If Shareholders approve the issue of Options to Ben, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.3% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.

## **8. RESOLUTION 8 – ISSUE OF OPTIONS TO REG NELSON**

### **8.1 *Background***

Resolution 8 seeks Shareholder approval for the issue of 5 million Options to Reg Nelson, a Director of the Company. Each Option will be exercisable on the terms and conditions set out in Section 6 of the Explanatory Statement.

The options proposed to be granted to Reg will be issued for nil consideration, vest when the Operator of the Senegal joint venture announces to the effect of potential economic viability of a future development project and will be issued not more than twelve months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Under the terms of his appointment as Director with the Company, Reg's current total director's fee, excluding options, is \$75,000 per annum.

The Board acknowledges that the grant of options to a non-executive director is a departure from Recommendation 8.2 of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. However, at this important stage of the Company's development the non-executive director has a high workload and brings oil and gas expertise and connections to the Company. Having considered these factors, the Board (excluding Reg) considers that this issue of Options to Reg would create an appropriate incentive for him to contribute to the Company in a manner which should underpin the potential success of the Company.

The issue of the Options should encourage productivity, enhance loyalty and provide an incentive for future performance whilst preserving the Company's cash resources. The Board took account what it considered to be an appropriate assessment of the overall reasonable remuneration for a non-executive director of the Board for an organization of the Company's size and geographical spread.

Reg has no shares and no options in the Company. The Company is entering a busy period with the Senegal evaluation program ramping up and, his experience and strategic guidance will be significant.

The Directors believe the options value in conjunction with other remuneration represents reasonable remuneration and market price. Reg is one of the Australian petroleum industry's most significant figures and the company is very pleased to have been able to attract someone of his stature to the board at this time. He brings both technical and commercial experience to the board as the Company moves into the appraisal and exploitation of the Senegal assets.

Shareholder approval for the issue of Options to Reg is required by ASX Listing Rule 10.14.

### **8.2 *ASX Listing Rule 10.14***

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including an Option) to a related party of the Company.

Reg is a related party of the Company because he is a Director of the Company.

Accordingly, Shareholder approval for the issue of Options to Reg pursuant to Resolution 8 is required by ASX Listing Rule 10.14.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of Options to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to the issue of Options pursuant to Resolution 8:

- (a) the maximum number of Options to be issued by the Company is 5 million Options to Reg;
- (b) the Options will be issued for nil cash consideration as they are being issued to Reg in order to provide a material additional incentive for his ongoing commitment and dedication to the continued success of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in retaining the highest calibre directors to the Company, whilst maintaining the Company's cash reserves;
- (c) the Options will be issued not more than twelve months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (d) the Options will be issued on the terms and conditions set out in Section 6 of this Explanatory Statement; and
- (e) no funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised).

### **8.3 *Additional Information***

The various aspects relating to the proposed Options issue regarding Reg are the same as those aspect relating to the Options issued to Cath Norman described above. Unless otherwise stated below, each of the items described above with respect to Cath equally apply to Reg and won't be repeated here. Particular aspects which differ (in addition to those stated in Section 9 above) are as follows:

- (a) it is proposed to issue 5 million Options to Reg as distinct from 10 million Options to Cath;
- (b) accordingly, as at the date of the Notice of Meeting the valuation of Reg's proposed Options is \$265,000 rather than \$530,000 in the case of Cath, based on the valuation factors in Section 6 of this Explanatory Statement;

- (c) Reg's does not currently have a security holding (direct and indirect) in the Company; and
- (d) the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 8.

Reg has a material personal interest in the outcome of Resolution 8 and accordingly does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 8, recommend that Shareholders approve Resolution 8. The Directors (other than Reg) considered Reg's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Reg.

If Shareholders approve the issue of Options to Reg, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.2% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.

### **9. RESOLUTION 9 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISION**

Rule 8.13 of the Company's Constitution contains a proportional takeover approval provision (providing that if an offer is received for a specified proportion of the Company's shares, a shareholders' meeting must approve the takeover bid before it may take effect). If that approval is obtained, the offer may proceed. If the approval is not obtained, the offer will be taken to have been withdrawn. The provisions do not apply to an offer under a takeover bid for all of the Company's shares.

Under the Corporations Act and rule 8.13 of the Company's Constitution, the provisions must be renewed every three years or they will cease to have effect. The current provisions have ceased to have effect as they were last renewed many years ago. It is proposed to renew the provisions in the Constitution. If renewed, rule 8.13 will operate on the same basis as described above for a period of three years from the date of the Annual General Meeting.

The main advantage of a proportional takeover approval provision is that shareholders have an opportunity to study a proportional takeover bid proposal and, if they believe that control should not be permitted to pass under the bid, vote on the proportional takeover to prevent it from proceeding. In other words, this enables the views of shareholders to be formally ascertained. It may assist shareholders in avoiding being locked into a relatively powerless minority position, and increase shareholders' bargaining power to require that a full bid, rather than partial bid, be made. It may also assist in ensuring that any proportional bid is adequately priced and is structured so as to be attractive to a majority of shareholders. By determining the views of a majority of shareholders, it assists each individual shareholder in assessing the likely outcome of a proportional takeover bid and whether to approve or reject that offer. The consequence of this is that all shareholders can avoid the risk of being a minority shareholder in a company controlled by a single dominant shareholder. Many listed companies have a proportional takeover approval provision in their Constitution as it allows shareholders to determine whether a proportional takeover bid should proceed.

The main disadvantage of a proportional takeover approval provision is that it makes a proportional takeover bid more

difficult to proceed, which may reduce the opportunities in which shareholders have to sell some of their shares. It could be said that such a provision constitutes a restriction on the ability of shareholders to deal freely with their shares. It may arguably, as a result, reduce any takeover speculation element in the pricing of the Company's shares which relates to the possibility of a proportional takeover.

The Directors consider that there are no advantages or disadvantages of a proportional takeover approval provision from the Directors' perspective as they remain free to make a recommendation to shareholders on whether a proportional takeover bid should be accepted.

As at the date of the Notice of Meeting, no Director is aware of any proposal by a person to acquire or to increase the extent of a substantial interest in the Company.

Copies of the proposed Constitution are available to shareholders free of charge on request.

On the balance, the Directors consider that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages and accordingly, your Directors recommend that shareholders approve the proposal to renew the proportional takeover provisions in rule 8.13 of the Company's Constitution.

**Lodge your vote:**

 **By Mail:**

Advanced Share Registry Ltd  
PO Box 1156, Nedlands  
Western Australia 6909

Alternatively you can fax your form to  
Facsimile: +61 (0) 8 9262 3723

For Online Vote  
[www.advancedshare.com.au](http://www.advancedshare.com.au)

**For all enquiries call:**

Telephone: +61 (0) 8 9389 8033  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

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## Proxy Form

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### Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxy holder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, shareholders must deliver their proxies prior to 10.00am (Melbourne time) on 13 May 2015 by mail to Advanced Share Registry, PO Box 1156, Nedlands, WA 6909 or by facsimile at: +61 (0) 8 9262 3723.
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 7.00pm (Melbourne time) on Wednesday, 13 May 2015 will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions set out in the Notice of Meeting.
9. This proxy should be read in conjunction with the accompanying Notice of Meeting and Explanatory Statement.
10. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

**Vote online at:**

**[www.advancedshare.com.au](http://www.advancedshare.com.au)**

**or turn over to complete the form →**



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**[www.advancedshare.com.au](http://www.advancedshare.com.au)**

- Check all holdings by using HIN/SRN
- Update your holding details
- Reprint various documents online

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'x') should advise their broker of any changes.

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

 **PLEASE NOTE:** This proxy is solicited on behalf of the management of FAR Limited ABN 41 009 117 293 (the "Company") for use at the Annual General Meeting of the shareholders of the Company to be held at Baker & McKenzie, Level 19, 181 William Street, Melbourne, VIC on 15 May 2015 at 10.00am (Melbourne time) or any adjournment thereof (the "Meeting").

I/We being a member(s) of FAR Limited hereby Appoint

**the Chairman of the Meeting** OR

 **PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and vote in accordance with the following directions at the Meeting and at my adjournment of that meeting.

#### Important for Resolution 1:

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is to approve the Remuneration Report and connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman.

**The Chairman intends to vote all available proxies in favour of Resolution 1.**

### STEP 2 Items of Business

 **\*PLEASE NOTE:** If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and your votes will not be counted in computing the required majority on that item.

If you wish to direct how your proxy is to vote, please tick the appropriate boxes below:

For                  Against                  Abstain

	For	Against	Abstain
Resolution 1 – Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-elect Mr Ben Clube as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-elect Mr Reg Nelson as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of previous Placements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Adoption of Executive Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Ms Cath Norman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Options to Mr Ben Clube	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Issue of Options to Mr Reg Nelson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Renewal of Proportional Takeover Provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### SIGN Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**Individual or Member 1**

**Member 2 (if joint holding)**

**Member 3 (if joint holding)**




/ /

Sole Director and Sole Secretary

Director/Company Secretary

Director

Date

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# Executive Incentive Plan Rules

FAR Limited

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**Baker & McKenzie**  
ABN 32 266 778 912  
Level 19  
181 William Street  
Melbourne VIC 3000  
Australia  
[www.bakermckenzie.com](http://www.bakermckenzie.com)  
[eliza.mcdonald@bakermckenzie.com](mailto:eliza.mcdonald@bakermckenzie.com)  
[richard.lustig@bakermckenzie.com](mailto:richard.lustig@bakermckenzie.com)

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# Executive Incentive Plan Rules

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## 1 Introduction

### Purpose of plan

- 1.1 The Company has established this Plan to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.

### Advice

- 1.2 There are legal and tax consequences associated with participation in the Plan. Employees should ensure that they understand these consequences before accepting an invitation to participate in the Plan.
- 1.3 Any advice given by or on behalf of the Company is general advice only, and Employees should consider obtaining their own financial product advice from an independent person who is licensed by ASIC to give such advice.
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## 2 Definitions and Interpretation

### Definitions

- 2.1 In these Rules unless the contrary intention appears, terms defined in the Corporations Act or Listing Rules have the same meaning in these Rules, and:

**Application** means a written acceptance of an Offer for, or an application for, Awards in a form approved by or acceptable to the Board.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the securities market which it operates, as the context requires.

**Award** means:

- (a) an Option,
- (b) a Performance Right,
- (c) a Deferred Share Award,
- (d) an Exempt Share Award,
- (e) a Limited Recourse Loan Award,
- (f) as applicable.

**Board** means the Board of Directors of the Company.

**Company** means FAR Limited (ACN 009 117 293).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Deferred Share Award** means a Share issued under clause 3.4.

**Employee** means a person who is a full-time or permanent part-time employee or officer, or director of the Company or any related body corporate of the Company.

**Exempt Share Award** means a Share issued under clause 3.6.

**exercise** means exercise of an Award in accordance with its terms, and includes automatic exercise in accordance with these Rules.

**Exercise Price** means the price payable (if any) per Share to exercise an Award.

**Expiry Date** means the date on which an Award lapses, being the date specified in an Offer as the Expiry Date, or fixed by a method of calculation set out in an Offer.

**Financial Assistance** means a loan made to a Participant on the terms and conditions of these Rules to enable the Participant to acquire a Share.

**issue** of a Share includes the transfer of an existing Share in accordance with clause 8.3.

**Issue Price** means the price (if any) to be paid for the issue of a Share as stated in the Offer.

**Liability** means any liability, whether actual or contingent, present or future, quantified or unquantified.

**Limited Recourse Loan Award** means a Share issued under clause 3.9.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Market Price** means the weighted average sale price of Shares on the ASX over the five trading days immediately preceding the day the Offer is made, or another pricing method determined by the Company.

**Offer** means an offer or issue of Awards made to an Employee under clause 4. Where Awards are issued without the need for acceptance, an Offer includes the document setting out the terms of the Award.

**Option** means an option to acquire Shares issued under clause 3.2.

**Participant** means an Employee to whom Awards are issued.

**Performance Right** means a right to acquire a Share issued under clause 3.3.

**Plan** means this Executive Incentive Plan.

**Restricted Award** means an Award or a Share issued on exercise of an Award in respect of which a restriction on sale or disposal applies under this Plan.

**Restriction Period** means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of, being the period specified in these Rules in respect of Deferred Share Awards and Exempt Share Awards, and as specified in the Offer in respect of other Awards.

**Rules** means these rules as amended from time to time.

**Security Interest** means a right, interest, power or arrangement in relation to any property which provides security for, or protects against default by a person in, the payment or satisfaction of a debt, obligation or Liability, including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance or hypothecation and a security interest as defined in sections 12(1) and 12(2) of the *Personal Property Securities Act 2009* (Cth).

**Share** means a fully paid ordinary share of the Company.

**Tax Act** means the *Income Tax Assessment Act 1936*, or any legislation amending or replacing the provisions of that Act relating to the issue and exercise of Awards.

**Vesting Conditions** means any conditions described in the Offer that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.

**Vesting Date** means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any Vesting Conditions.

## Interpretation

2.2 In these Rules, unless expressed to the contrary:

- (a) terms defined in the Corporations Act have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;
  - (v) "\$" or "dollars" is a reference to the lawful currency of Australia;
  - (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
  - (vii) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

## Headings

2.3 Headings are for convenience only and do not affect the interpretation of these Rules.

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## 3 Awards that may be made under the Plan

3.1 The Company may, at the discretion of the Board, offer and issue Awards to Employees of the kind set out in this clause 3.

## **Options**

- 3.2 The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
- (a) Options are Restricted Awards until they are exercised or expire.
  - (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Options.
  - (c) Options are subject to adjustment under clause 12.

## **Performance Rights**

- 3.3 The Company may offer or issue Performance Rights, which are rights to be issued a Share for nil Exercise Price upon the satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
- (a) Performance Rights are Restricted Awards until they are exercised or expire.
  - (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Performance Rights.
  - (c) Performance Rights are subject to adjustment under clause 12.

## **Deferred Share Awards**

- 3.4 The Company may offer or issue Deferred Share Awards, which are Shares issued to Employees:
- (a) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
  - (b) by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment.
- 3.5 Unless a different Restriction Period is specified in an Offer, the Restriction Period for Deferred Share Awards will expire on the earlier of:
- (a) when a Participant ceases to be an Employee;
  - (b) when the Board, in its discretion, agrees to end the Restriction Period; and
  - (c) 10 years from the date of issue of the Shares.

## **Exempt Share Awards**

- 3.6 The Company may offer or issue Exempt Share Awards, which are Shares issued for no consideration or at an Issue Price which is a discount to the Market Price with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Tax Act from time to time) of the total value or discount received by each Employee will be exempt from tax.
- 3.7 Unless a different Restriction Period is specified in an Offer, the Restriction Period for Exempt Share Awards will expire on the earlier of:
- (a) three years from the date of issue of the Shares; and
  - (b) the time when a Participant ceases to be an Employee.

- 3.8 The Company must offer Exempt Share Awards on a non-discriminatory basis as defined by section 139 GE of the Tax Act.

#### **Limited Recourse Loan Awards**

- 3.9 The Company may offer or issue Limited Recourse Loan Awards, which are Shares where some or all of the Issue Price is funded by way of Financial Assistance from the Company.
- 3.10 Limited Recourse Loan Awards are Restricted Awards until the Financial Assistance is repaid or discharged.
- 

### **4 Offers of Awards**

- 4.1 Subject to clause 5, the Company may make an Offer to any Employee.

#### **Form of Offer**

- 4.2 Each Offer must be in writing (which includes email), include an Application if acceptance is required, and specify the following to the extent applicable:
- (a) the name and address of the Employee to whom the Offer is made;
  - (b) the type of Awards being offered;
  - (c) the number of Awards being offered;
  - (d) any Vesting Conditions for the Awards;
  - (e) the Issue Price and/or Exercise Price for the Awards, or the manner in which the Issue Price and/or Exercise Price is to be determined;
  - (f) any Financial Assistance that is offered in connection with the Awards;
  - (g) the Expiry Date (if any);
  - (h) any Restriction Period;
  - (i) any other terms or conditions that the Board decides to include; and
  - (j) any other matters required to be specified in the Offer by either the Corporations Act or the Listing Rules.
- 4.3 If required by applicable laws or the conditions to applicable ASIC relief, the Offer must include an undertaking by the Company to provide to a Participant, if a request is made before the Award is Exercised and within a reasonable period of being so requested, the current market price of the Shares.

#### **Compliance with laws**

- 4.4 No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

#### **Acceptance**

- 4.5 If acceptance of an Offer is required, it may be accepted:
- (a) by an Employee completing and returning the Application, as required by the Offer, by not later than the date specified in the Offer; and

- (b) if required, by the Employee making or directing payment of the total amount payable for the Awards (if any) accepted under the Offer, in the manner specified in the Offer.
- 4.6 An Offer which requires acceptance lapses if it is not accepted by the Employee to whom the Offer is made as required under clause 4.5.
- 

## **5 Dilution limit**

- 5.1 An Offer of Awards must not be made if the total of the following:
- (a) the number of Shares which are the subject of the Offer of Awards;
  - (b) the total number of Shares which are the subject of any outstanding Offers of Awards;
  - (c) the total number of Shares issued during the previous five years under this Plan or any other employee share scheme extended only to Employees of the Company (adjusted if necessary in each case for capital reorganisations), but not including existing Shares transferred to a Participant after having been acquired for that purpose; and
  - (d) the total number of Shares which would be issued under all outstanding Awards that have been granted but which have not yet been exercised, terminated or expired, assuming all such Awards were exercised and ignoring any Vesting Conditions,
- but disregarding any Offer made, or Award offered or issued, or Share issued by way of or as a result of:
- (a) an offer to a person situated outside Australia at the time of receipt of the offer;
  - (b) an offer that was an excluded offer or invitation as defined in the Corporations Law as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999;
  - (c) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
  - (d) an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; or
  - (e) of offer made under a disclosure document or Product Disclosure Statement as defined in the Corporations Act,

would exceed 5% of the number of Shares on issue at the time of the Offer.

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## **6 Financial Assistance**

### **Company can offer Financial Assistance**

- 6.1 The Company may provide Financial Assistance by making a loan to a Participant, on the terms set out in an Offer and in these Rules. Financial Assistance may be offered in relation to Limited Recourse Loan Awards, Deferred Share Awards, and otherwise in the Company's discretion. However, the Company will not offer, provide, or accept an application for Financial Assistance if to do so would be in breach of the Corporations Act, the Listing Rules (if applicable) or any other law or regulation in any jurisdiction.

### **Terms of Financial Assistance**

- 6.2 Financial Assistance will be provided on an interest free basis unless the Offer specifies otherwise.

- 6.3 Subject to this clause 6, Financial Assistance provided to a Participant will be repayable by the Participant in accordance with the terms upon which the Financial Assistance was provided. However, the Board may extend the period for repayment of the Financial Assistance under this clause or otherwise vary the terms of the Financial Assistance for the benefit of the Participant.
- 6.4 A Participant may voluntarily repay Financial Assistance to the Company at any time in respect (and only in respect) of Shares to which Vesting Conditions do not apply.

#### **When Financial Assistance is repayable**

- 6.5 Unless the terms of an Offer specify, or the Board in its discretion determines, otherwise, Financial Assistance must be repaid in full immediately upon the earliest of:
- (a) the Participant's Shares being bought back or transferred under clause 9;
  - (b) failure to satisfy any Vesting Conditions imposed on an Award to which the Financial Assistance relates;
  - (c) one month (or a longer period set out in an Offer or determined by the Board in its discretion) after the Participant ceases to be an Employee;
  - (d) any breach by the Participant of this Plan where the breach is not remedied within seven days of the Company's notice to the Participant to do so; or
  - (e) an application being made to a court for an order, or an order being made, that the Participant be made bankrupt (or any similar event in any jurisdiction as determined by the Board in its discretion).

#### **Amount repayable**

- 6.6 If Financial Assistance provided to a Participant becomes repayable, the Company must accept in full and complete satisfaction of the Participant's indebtedness and obligations to it under the Financial Assistance:
- (a) if the applicable Vesting Conditions have been satisfied - the total amount owing by the Participant to the Company in cash or by other means agreed between the Participant and the Company; or
  - (b) in any case - the transfer to the Company (or its nominee) of the Shares to which the Financial Assistance relates in accordance with clause 9.

#### **Dividends and other entitlements**

- 6.7 The Company may retain, or pay to itself on behalf of a Participant, any moneys (including dividends) and any capital distributions that may become payable in respect of a Share in reduction of the amount outstanding under Financial Assistance in respect of that Share.
- 6.8 A Participant may not participate in any dividend reinvestment plan (or similar plan) established by the Company until the Financial Assistance in respect of his or her Shares has been fully repaid.

#### **Limited recourse**

- 6.9 If Financial Assistance is discharged or repaid under clause 6.6 then:
- (a) no further amount will be repayable by the Participant to the Company under the Financial Assistance in respect of the Shares; and

- (b) no further amount will at any time be recoverable by the Company from the Participant in respect of the Financial Assistance.

## **Security**

- 6.10 As security for Financial Assistance, each Participant grants to the Company:
- (a) a pledge of its Shares provided under the Plan; and
  - (b) a charge over all dividends and other amounts paid or payable on those Shares.
- 6.11 The Company is entitled to retain the share certificates (if any) for any Shares provided under this Plan to the Participant, and to impose a holding lock on the Shares.
- 6.12 While the Shares are subject to the restrictions of this Plan, a Participant must not without the consent of the Board:
- (a) create, other than in favour of the Company, any Security Interest over any Shares; or
  - (b) grant, or agree to grant, a first right of refusal, voting right, or pre-emptive right or enter into any agreement, option or other arrangement to grant such an interest or right.

## **Bonus and entitlement issues**

- 6.13 If any Shares or other securities are issued in respect of the Shares provided under a Limited Recourse Loan Award as part of a bonus or entitlement issue, then those Shares or other securities will also be subject to the security in this clause 6 and the other terms of this Plan as if they were a Limited Recourse Loan Award (unless the Board otherwise determines).

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## **7 Vesting and Exercise of Awards**

### **Vesting**

- 7.1 The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and in accordance with these Rules.
- 7.2 Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).

### **Automatic Exercise**

- 7.3 Unless clause 7.4 applies, the vesting of an Award on the satisfaction of any Vesting Conditions will not automatically trigger the exercise of the Award.
- 7.4 The terms of an Award which has a nil Exercise Price may provide for the Award to be exercised automatically upon vesting. Further, and whether or not the terms of the Award provide for it, the Board may in its discretion waive any requirement that an issued Award which has a nil Exercise Price be exercised by the Participant. In either case the Company will treat the Award as having been validly exercised on the Vesting Date.

### **Exercise of Awards**

- 7.5 A Participant is, subject to this clause 7, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the terms of the Offer.

- 7.6 Awards may be exercised by the Participant delivering to the Company a notice stating the number of Awards to be exercised together with the Issue Price (if any) for the Shares to be issued.
- 

## **8 Allotment of Shares on exercise or vesting of Awards**

### **Rights attaching to Shares**

- 8.1 The Shares issued under this Plan will upon allotment:
- (a) be credited as fully paid;
  - (b) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment;
  - (c) be subject to any restrictions imposed under these Rules; and
  - (d) otherwise rank equally with the existing issued Shares at the time of allotment.

### **Quotation**

- 8.2 If the Company is Listed, then as soon as practicable after the date of the allotment of Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

### **New or existing Shares**

- 8.3 The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.
- 8.4 If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 8.5.

### **Trustee**

- 8.5 The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.
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## **9 Share buy-back or transfer**

### **When Shares are bought back or transferred**

- 9.1 Shares held by a Participant will be bought back and cancelled if:
- (a) the Participant elects to transfer them to the Company in satisfaction of any outstanding Financial Assistance under clause 6.6(b);
  - (b) Financial Assistance has become repayable and either the relevant Vesting Conditions have not been satisfied at the repayment due date, or the Participant does not elect to repay the Financial Assistance in accordance with clause 6.6(a) within 14 days after the repayment due date; or
  - (c) the relevant Vesting Conditions have not been satisfied by the last date for their satisfaction (if applicable) or have otherwise failed to be satisfied.

## **Buy back price**

- 9.2 The consideration for the buy back is the full satisfaction of any Financial Assistance provided in connection with the acquisition of those Shares, even if the amount of Financial Assistance was or has been reduced to nil.
- 9.3 The Board may determine that the Company should pay to the Participant greater consideration than set out in clause 9.2, for example if the Participant has made voluntary repayments or has had dividends or other distributions credited to the Participant's Financial Assistance balance prior to the buy back.

## **How Shares are bought back**

- 9.4 A Participant and the Company must do whatever is necessary or desirable to effect a buy-back or transfer of Shares when required under clause 9. Each Participant irrevocably appoints the Company and each of its Directors and secretaries from time to time severally as its attorney to sign any document necessary or desirable, and carry out any act, on that Participant's behalf for the purposes of this clause 9.
- 9.5 If it is impractical to buy back Shares to which this clause 9 applies, or if the Board in its discretion otherwise determines, the Company may instead of buying back the relevant Shares direct that they be transferred to a person nominated by the Company. Any such transfer will discharge the Participant's Financial Assistance in the same way as a buy back would have done if conducted under this clause 9.

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## **10 Restricted Awards**

### **Restrictions**

- 10.1 A Participant must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period.
- 10.2 The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares.
- 10.3 Without limiting its discretions under these Rules, the Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award.

### **Bonus issues**

- 10.4 If the Company makes a pro rata bonus issue to holders of Restricted Awards, the Shares issued to Participants under the pro rata bonus issue will be subject to the balance of the Restriction Period that applied to the Restricted Awards.

### **Takeovers etc**

- 10.5 The following provisions apply to the extent to which they are not inconsistent with the terms of issue of an Award. If a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other mechanism is initiated which has an effect similar to a full takeover bid for Shares in the Company, then Participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards (other than Exempt Share Awards, unless the Board otherwise determines) notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of a such a takeover or other transaction. In the

event that the Awards are not accepted into the takeover bid or do not participate in the other transaction then the Awards shall lapse at the end of the bid period or within three days of shareholder approval of the other transaction.

### **Personal representatives**

- 10.6 If a Participant dies before the end of the Restriction Period, then the legal personal representative of that deceased Participant will have the same rights and benefits and be subject to the same obligations in respect of those Shares as the deceased Participant would have had or been subject to had they survived until the end of the Restriction Period.

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## **11 Hedging unvested Awards**

- 11.1 Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

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## **12 Adjustments**

- 12.1 This clause 12 applies to Options, Performance Rights, and other Awards where the Participant may be entitled to acquire Shares in the future on exercise of the Award.

### **New issues of shares**

- 12.2 A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards before the record date for the relevant issue.

### **Bonus issues**

- 12.3 If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date.

### **Other reorganisations of capital**

- 12.4 If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.

### **General**

- 12.5 Unless otherwise permitted by the Listing Rules, the number of Shares which the Participant is entitled to receive on exercise of an Award will only be adjusted in accordance with this clause 12.
- 12.6 The Company must give notice to Participants of any adjustment to the number of Shares which the Participant is entitled to receive on exercise of an Award in accordance with the Listing Rules.

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## **13 Power of attorney**

- 13.1 In consideration of the issue of the Awards, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney,

to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Award.

- 13.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

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## **14 Powers of the Board**

- 14.1 The Plan will be administered by the Board, or a committee of the Board, which will have an absolute discretion to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Rules;
  - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
  - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under the Plan or these Rules;
  - (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions; and
  - (e) amend these Rules, provided that such amendments do not materially prejudice the rights of existing Participants.
- 14.2 While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

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## **15 Commencement, suspension, termination and amendment of Plan**

- 15.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.
- 15.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

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## **16 General provisions**

### **Participants bound**

- 16.1 Participants issued Awards under this Plan are bound by these Rules and by the Constitution of the Company.

### **Notices**

- 16.2 Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or its delegate on behalf of the Company.

16.3 Any notice to be given by the Company may be given by email, and any reference to the Company giving or providing information or documents in writing includes doing so by email.

#### **Effect on employee entitlements**

16.4 Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Employee.

16.5 Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.

#### **Governing law**

16.6 These Rules are governed by and are to be construed in accordance with the laws of Victoria, Australia.