



ABN: 94 003 607 074

VALMEC LIMITED

ABN 94 003 607 074

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00 am (WST)

DATE: Friday, 28 November 2014

PLACE: Bentleys, Level 1, 12 Kings Park Road, West Perth WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Ranko Matic, on (+ 61 8) 9226 4500.



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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE AND TIME OF MEETING

The Annual General Meeting of the Shareholders of Valmec Limited which this Notice of Annual General Meeting relates to will be held at the Bentleys, Level 1, 12 Kings Park Road, West Perth WA, on Friday 28 November 2014, at 11:00 am (WST).

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out in the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and



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- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Valmec Limited (ABN 94 003 607 074) (**Company**) will be held at Bentleys, Level 1, 12 Kings Park Road, West Perth WA, on Friday 28 November 2014, at 11:00am (WST). The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 4:00 pm (WST) on Wednesday 26 November 2014.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report of the Company for the year ended 30 June 2014 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2014."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

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

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report); or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.



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3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR VINCENT GOSS

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

“That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Vincent Goss, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to:

- (a) establish and maintain the Performance Rights Plan (**Plan**) on the terms and conditions summarised in the accompanying Explanatory Statement; and*
- (b) grant Performance Rights from time to time under the Plan.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.



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5. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – STEVE DROPULICH

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 Company to issue 756,000 Options to Mr Steve Dropulich (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Options will be issued to Mr Steve Dropulich as part of the Company's new remuneration policy applicable from the 2015 financial year.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Company's Employee Option Plan, and any associates of those Directors.. 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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – VINCENT GOSS

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 Company to issue 425,000 Options to Mr Vincent Goss (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Options will be issued to Mr Vincent Goss as part of the Company's new remuneration policy applicable from the 2015 financial year.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Company's Employee Option Plan, and any associates of those Director. 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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



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Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – STEVE DROPULICH

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 265,000 Performance Rights to Mr Steve Dropulich (or his nominee/s) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Performance Rights will be issued to Mr Steve Dropulich as part of the Company's new remuneration policy applicable from the 2015 financial year.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Company's Performance Rights Plan, and any associates of those Directors. 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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and



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- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – VINCENT GOSS

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 149,000 Performance Rights to Mr Vincent Goss (or his nominee/s) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Performance Rights will be issued to Mr Vincent Goss as part of the Company's new Remuneration Policy applicable from the 2015 financial year.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Company's Performance Rights Plan, and any associates of those Directors. 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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit,



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except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 21 OCTOBER 2014

BY ORDER OF THE BOARD

**MR RANKO MATIC
NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY**



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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the Bentleys, Level 1, 12 Kings Park Road, West Perth WA, on Friday 28 November 2014, at 11:00am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014, together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report (**Annual Report**).

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the Meeting will be given a reasonable opportunity:

- (a) to ask questions about, or make comments on, the annual financial report; and
- (b) to ask the Company's auditor or the auditor's representative questions relevant to:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the auditor's report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

Shareholders are encouraged to submit any questions that they may have regarding the above matters in writing (including by email) to the Company by no later than 5.00 pm (WST) on Wednesday, 26 November 2014. This will allow the Company time to prepare and present a comprehensive response to Shareholders at the Annual General Meeting.

A Shareholder who is entitled to cast a vote at the Annual General Meeting may also submit a written question to the auditor if the question is relevant to:

- (a) the content of the Auditor's Report to be considered at the Annual General Meeting; or
- (b) the conduct of the audit of the Annual Report to be considered at the Annual General Meeting.

A written question to the auditor may only be submitted by giving the question to the Company (attention: the Company Secretary) by no later than 5.00 pm (WST) on Wednesday, 26 November 2014, which the Company will then pass on to the auditor. The Company will allow a reasonable opportunity for the auditor's representative to answer the written questions submitted to the auditor.

The Company will make available to Shareholders attending the Annual General Meeting copies of the list of Shareholder questions presented to the auditor, which the auditor considers relevant.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.valmec.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the Company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel ¹	Voted	Not voted ³
Chair ²	Voted	Voted at discretion of Proxy ⁴
Other	Voted	Voted at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

2.5 Directors' recommendation

The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual. On this basis the Directors recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – VINCENT GOSS

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
 - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 4 Directors and accordingly 1 must retire.

Mr Vincent Goss, the Director longest in office since his last election, retires by rotation and seeks re-election. Mr Goss was first appointed as a Director on 6 February 2012.

Information about Mr Goss is summarised below:

Mr Vincent Goss – Executive Director

Mr Goss was one of the founders of the HVAC/HPS Groups of Companies in 1988, originally holding the role of Construction Director through to his latest role Group Managing Director during the Group's transaction with Enerflex Australasia Group.

Mr Goss is a civil engineer with over 35 years experience in multidiscipline services and therefore he has considerable experience in tender design, Quality Assurance/Quality Control and Safety and the Environment systems.

Mr Goss is an Officer Fellow of the Institute of Engineers Australia and also holds a Builders Registration accreditation in Western Australia.

Mr Goss has held no other directorships in listed entities in the past three years.

The Board has considered Mr Goss' independence and considers that he is not an independent Director as he is an executive of the Company.

The Directors, other than Mr Goss, support the re-election of Mr Goss and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

4.1 General

Resolution 3 seeks shareholder approval to establish and maintain the Performance Rights Plan (**Plan**) to provide ongoing incentives to employees of the Company.

The board adopted the Plan to allow employees to be granted Performance Rights to acquire shares in the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the Plan are aligned with the successful growth of the Company's business activities.

The employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) provide targeted but competitive remuneration and long term incentives for the retention of key employees;
- (b) encourage participation by employees in the growth and success of the Company through equity ownership;
- (c) align the interests of employees and shareholders; and
- (d) provide greater incentive for Eligible Employees to focus on the Company's longer term goals.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period

than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to grant Performance Rights under the Plan to eligible participants over a period of 3 years after the meeting, and to issue Share to those employee if they achieve the performance and vesting criteria of those Performance Rights, without using the Company's 15% annual placement capacity.

4.3 Terms of the Plan

A summary of the terms of the Plan is provided in Schedule A to this Explanatory Statement. A copy of the Plan will be made available free of charge to any Shareholder on request.

No Performance Rights have been granted under the Plan as at the date of this Notice.

Any future issues of Shares under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 6 and 7 for the issue of Shares to certain Directors pursuant to the Plan.

5. RESOLUTION 4 AND 5 – ISSUE OF OPTIONS TO RELATED PARTIES – STEVE DROPULICH AND VINCENT GOSS

5.1 General

The Board has recently approved a new remuneration framework, for eligible employees, which contains a Long Term Incentive Plan (**LTI**) inclusive of Performance Rights, Options and Share Appreciation Rights.

It is proposed that the Company, subject to obtaining Shareholder approval, issue the following to Mr Steve Dropulich and Mr Vincent Goss who are a related parties of the Company by virtue of being Directors of the Company (together the **Related Parties**):

Related Party	Options	Performance Rights	Share Appreciation Rights
Steve Dropulich	756,000	265,000	169,000
Vincent Goss	425,000	149,000	95,000



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The grant of the Options to the Related Parties is the subject of Resolutions 4 and 5 of this Notice of Meeting.

The grant of the Performance Rights to the Related Parties is the subject of Resolutions 6 and 7 and is conditional on Shareholders approving the adoption of the Performance Rights Plan under Resolution 3.

The Share Appreciation Rights do not give the holder a right to a security. Rather, the Company must, within 30 Days of automatic vesting, pay the holder (or its nominee) a cash amount calculated in accordance with the formula set out in the Company's Share Appreciation Rights Plan. Accordingly, Shareholder approval pursuant to ASX Listing Rule 10.14 is not required. The Directors (other than Mr Steve Dropulich and Mr Vincent Goss) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Share Appreciation Rights because the agreement to grant the Share Appreciation Rights, reached as part of the remuneration package for each of Mr Steve Dropulich and Mr Vincent Goss, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The fixed remuneration of the Related Parties is as follows:

- (a) Mr Steve Dropulich - \$412,500 (inclusive of superannuation); and
- (b) Mr Vincent Goss - \$347,500 (inclusive of superannuation),

and the long term incentive dollar value has been set at the maximum level permitted under the new remuneration framework of 30% of this figure for Mr Dropulich and 20% of this figure for Mr Goss, being:

- (a) Mr Steve Dropulich - \$123,750; and
- (b) Mr Vincent Goss - \$69,500,

and the value of the securities under the LTI within the long term incentive plan have been set as follows:

	Options	Performance Rights	Share Appreciation Rights	Total
% of LTI	55%	30%	15%	
Steve Dropulich	\$68,063	\$37,125	\$18,563	\$123,750
Vincent Goss	\$38,225	\$20,850	\$10,425	\$69,500

5.2 Resolutions 4 and 5

It is proposed that Mr Dropulich be issued 756,000 Options and Mr Goss be issued 425,000 Options under the Company's Employee Option Plan, which was adopted by Shareholders at the Company's general meeting of Shareholders held on 3 October 2013.



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The purpose of the issue of Options to Mr Dropulich and Mr Goss is to further motivate and reward their performance and to better align the interests of the Related Parties to those of Shareholders.

It is proposed that Mr Steve Dropulich and Mr Vincent Goss be issued Options for nil cash consideration.

Each Option will entitle the holder to subscribe for one (1) Share subject to the satisfaction of certain exercise conditions as determined by the Board (**Exercise Conditions**) and the payment of the exercise price. In the event that the Exercise Conditions are not met, the Options will lapse and as a result, no new Shares will be issued.

The Options will be issued for nil cash consideration and the exercise price of each Option is \$0.30, being 150% of the 30 day VWAP of the Company's Shares prior to the date on which the Board approved the issue of the Options (subject to Shareholder approval) on 1 September 2014.

Section 5.1 of this Explanatory Statement provides a dollar value of the Options for the Related Parties as follows:

(a) Mr Steve Dropulich - \$68,063; and

(b) Mr Vincent Goss - \$38,225,

and, subject to obtaining Shareholder approval, the Options will become exercisable when the Exercise Conditions are met and at the following rate:

Date of Vesting	Rate of Vesting
30 June 2017	1/3
30 June 2018	1/3
30 June 2019	1/3

The quantity of Options to be issued has been determined by dividing the value of the Options by the Monte Carlo valuation of each option at the time of approval of the issue of the Options by the Board.

Mr Steve Dropulich

Performance Condition	Weighting	\$ Value	Quantity
1	50%	\$34,031.50	378,000
2	50%	\$34,031.50	378,000
TOTAL	100%	\$68,063	756,000

Mr Vincent Goss

Exercise Condition	Weighting	\$ Value	Quantity
1	50%	\$19,112.50	212,500
2	50%	\$19,112.50	212,500
TOTAL	100%	\$38,225	425,000

The Related Parties will be entitled to exercise the Options upon the achievement of the following Exercise Conditions:

1 – Relative Total Shareholder Return (**RTSR**) measured against S&P Small Ordinaries Index for the relevant performance period. 50% shall become exercisable at the 50th percentile and 100% shall become exercisable at or above the 85th percentile.

2 – Earnings Per Share (**EPS**) measured by absolute EPS compounded growth of 10% or greater per annum.

5.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Options to the Related Parties under the Employee Option Plan constitutes giving a financial benefit and Mr Steve Dropulich and Mr Vincent Goss are related parties of the Company by virtue of being Directors of the Company.

The Directors (other than Mr Steve Dropulich and Mr Vincent Goss who have a material personal interest in the Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options to the Related Parties because the agreement to grant the Options, reached as part of the remuneration package for each of Mr Steve Dropulich and Mr Vincent Goss, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.4 ASX Listing Rule 10.14

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship



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with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of the Options to the Related Parties involves the issue of securities under an employee incentive scheme to Directors, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5.5 Information required by ASX Listing Rules 10.15 for the issue of the Options

The following information is provided to satisfy the requirements of ASX Listing Rule 10.15 (being the information required to be disclosed for the purposes of ASX Listing Rules 10.14):

- (a) the Options will be granted to Mr Steve Dropulich and Mr Vincent Goss (or their respective nominees) and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Options to be issued to the Related Parties (or their respective nominees) is:
 - (i) 756,000 Options to Mr Steve Dropulich; and
 - (ii) 425,000 Options to Mr Vincent Goss;
- (c) the Options will be issued for nil cash consideration and an exercise price of \$0.30 per Option will be payable on achievement of the Exercise Conditions set by the Board;
- (d) no loan will be provided by the Company to the Related Parties in relation to the issue or the exercise of the Options;
- (e) no funds will be raised from the issue of Options as they are being issued for nil cash consideration. Funds received by the Company on exercise of the Options will be used by the Company for general working capital purposes;
- (f) no Options have previously been issued to any persons referred to in ASX Listing Rule 10.14;
- (g) all executive Directors are eligible to participate in the Employee Option Plan;
- (h) the Options will be issued to the Related Parties no later than 12 months after the date of the Annual General Meeting (or at such later dates as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date; and

- (i) the Options will become exercisable on achievement of the Exercise Conditions. The relevant Exercise Conditions set by the Board are detailed in section 5.2 of this Explanatory Statement. The Options will otherwise be issued on the terms and conditions set out in Schedule B. The Shares to be issued upon the exercise of the Options shall rank *pari passu* with existing Shares on issue.

6. RESOLUTION 6 AND 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES – STEVE DROPULICH AND VINCENT GOSS

6.1 General

As set out in section 5.1 of this Explanatory Statement, the Company has agreed, subject to obtaining Shareholder approval, and the passing of Resolution 3, to issue a total of 414,000 Performance Rights to the Related Parties (or their respective nominee/s) pursuant to the Company's Performance Rights Plan (**Plan**) and on the terms and conditions set out below.

A summary of the principal terms of the Plan is set out in Schedule A.

The purpose of the issue of Performance Rights to Mr Dropulich and Mr Goss is to further motivate and reward their performance in achieving specified performance criteria within a specified performance period.

6.2 Summary of the material terms of the Performance Rights

It is proposed that Mr Steve Dropulich and Mr Vincent Goss be issued Performance Rights for nil cash consideration.

Each Performance Right will vest as one Share subject to the satisfaction of certain performance criteria (**Performance Conditions**). In the event that the Performance Conditions are not met, the Performance Rights will not vest and as a result, no new Shares will be issued. There is nil consideration payable upon the vesting of a Performance Right.

Section 5.1 of this Explanatory Statement provides a dollar value of Performance Rights for the Related Parties as follows:

- (a) Mr Steve Dropulich - \$37,125; and
- (b) Mr Vincent Goss - \$20,850,

and, subject to obtaining Shareholder approval, the Performance Rights will vest when the Performance Conditions are met and at the following rate:

Date of Vesting	Rate of Vesting
30 June 2017	1/3
30 June 2018	1/3
30 June 2019	1/3

The quantity of Performance Rights to be issued has been determined by dividing the value of the Performance Rights by the monte carlo valuation of each right at the time of approval of the issue of the Performance Rights by the Board.

Mr Steve Dropulich

Performance Condition	Weighting	\$ Value	Quantity
1	50%	\$18,562.50	132,500
2	50%	\$18,562.50	132,500
TOTAL	100%	\$37,125	265,000

Mr Vincent Goss

Performance Condition	Weighting	\$ Value	Quantity
1	50%	\$10,425	74,500
2	50%	\$10,425	74,500
TOTAL	100%	\$20,850	149,000

The Performance Rights will vest as Shares upon the achievement of the following Performance Conditions:

1 – Relative Total Shareholder Return (**RTSR**) measured against S&P Small Ordinaries Index for the relevant performance period. 50% shall vest at the 50th percentile and 100% shall vest at or above the 85th percentile.

2 – Earnings Per Share (**EPS**) measured by absolute EPS compounded growth of 10% or greater per annum.

6.3 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 5.2 of this Explanatory Statement.

The grant of the Performance Rights to the Related Parties under the Plan constitutes giving a financial benefit and Mr Steve Dropulich and Mr Vincent Goss are related parties of the Company by virtue of being Directors of the Company.

The Directors (other than Mr Steve Dropulich and Mr Vincent Goss who have a material personal interest in the Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights to the Related Parties because the agreement to grant the Performance Rights, reached as part of the remuneration package for each of Mr Steve Dropulich and Mr Vincent Goss, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.



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6.4 ASX Listing Rule 10.14

A summary of ASX Listing Rule 10.14 is set out in section 5.4 of this Explanatory Statement.

As the issue of the Performance Rights to the Related Parties involves the issue of securities under an employee incentive scheme to Directors, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Performance Rights to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6.5 Information required by ASX Listing Rules 10.15 for the issue of the Performance Rights

The following information is provided to satisfy the requirements of ASX Listing Rule 10.15 (being the information required to be disclosed for the purposes of ASX Listing Rules 10.14):

- (a) the Performance Rights will be granted to Mr Steve Dropulich and Mr Vincent Goss (or their respective nominees) and they are related parties of the Company by virtue of being a Directors of the Company;
- (b) the maximum number of Performance Rights to be granted to the Related Parties is:
 - (i) 265,000 Performance Rights to Mr Steve Dropulich; and
 - (ii) 149,000 Performance Rights to Mr Vincent Goss;
- (c) the Performance Rights will be issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights on achievement of the Performance Conditions set by the Board. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue or vesting of the Performance Rights;
- (d) no other Performance Rights have previously been issued to any persons referred to in ASX Listing Rule 10.14;
- (e) all executive Directors are eligible to participate in the Plan;
- (f) the Performance Rights will be issued to the Related Parties no later than 12 months after the date of the Annual General Meeting (or at such later dates as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Rights will be issued on one date; and
- (g) the Performance Rights will become exercisable on achievement of the Performance Conditions. The relevant Performance Conditions set by the Board are detailed in section 6.2 of this Explanatory Statement. The Performance Rights will otherwise be issued on the terms and conditions of

the Plan as set out in Schedule A. The Shares to be issued upon the vesting of the Performance Rights shall rank pari passu with existing Shares on issue.

7. RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY

7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Facility**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 8, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 7.2 below).

The effect of Resolution 8 will be to allow the Company to issue the Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Facility during the period of up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

7.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$9,707,428.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of Equity Securities on issue, being the Shares (ASX Code: VMX) and quoted Options (ASX Code: VMXO).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:



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(A x D) – E

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rule 7.1 or 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (D) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

7.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

(a) Minimum Price

The minimum price at which Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expiring on the earlier to occur of the following:

- (i) 12 months after the date of the Meeting; or
- (ii) the date of the approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Facility Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.10 50% decrease in Issue Price	\$0.20 Issue Price	\$0.40 100% increase in Issue Price
48,537,139 (Current Variable A)	Shares issued - 10% voting dilution	4,853,713 Shares	4,853,713 Shares	4,853,713 Shares
	Funds raised	\$485,371	\$970,743	\$1,941,485
72,805,708 (50% increase in Variable A)	Shares issued - 10% voting dilution	7,280,570 Shares	7,280,570 Shares	7,280,570 Shares
	Funds raised	\$8728,057	\$1,456,114	\$2,912,228
97,074,278 (100% increase)	Shares issued - 10% voting dilution	9,707,427 Shares	9,707,427 Shares	9,707,427 Shares

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2) in Variable A)	Dilution			
	Issue Price (per Share)	\$0.10 50% decrease in Issue Price	\$0.20 Issue Price	\$0.40 100% increase in Issue Price
	Funds raised	\$970,743	\$1,941,485	\$3,882,271

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. As at the date of this notice, there are 48,537,139 Shares on issue.
2. The issue price set out above is the closing price of the Shares on ASX on 20 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Facility.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.



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(d) Purpose of issue under the 10% Placement Facility

The Company may issue Equity Securities under the 10% Placement Facility for the following purposes:

- (i) as non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) for cash consideration in which case, the Company intends to use the funds raised for the growth of the core business including acquisitions of new assets or investments (including expenses associated with such acquisitions), business development and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation policy under the 10% Placement Facility

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Facility will be dependent on the prevailing market conditions at the time of any proposed placement(s).

The recipients of Equity Securities to be issued under the 10% Placement Facility have not been determined. However, the recipients of Equity Securities could consist of existing Shareholders or new investors (or both) none of whom are related parties of the Company.

The Company will determine the recipients at the time of issue under the 10% Placement Facility, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets or investments, it is likely that the recipients under the 10% Placement Facility will be the vendors of the new assets or investments.



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(f) Previous approval under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2013 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 28 November 2013, the Company has otherwise issued a total of 34,465,000 Shares, 20,000,000 Convertible Notes and 33,240,000 Options which represents approximately 525.28% of the total diluted number of Equity Securities on issue in the Company on 28 November 2013, which was 16,696,867.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule C.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Facility, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

7.4 Voting Exclusion

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any existing Shareholder to participate in the issue of the Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 8.

7.5 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8.

8. ENQUIRIES

Shareholders may contact the Company Secretary on (+ 61 8) 9226 4500 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in Section 7.1 of the Explanatory Statement.

10% Placement Period has the meaning given in Section 7.3(b) of the Explanatory Statement.

Annual General Meeting or **Meeting** means the meeting convened by the Notice of Meeting.

Annual Report means the Company's annual financial report for the financial year ended 30 June 2014.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Base Price means in respect of a Share Appreciation Right, the amount specified in the invitation as the "base price" in connection with that Share Appreciation Right, as determined by the Board.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Valmec Limited (ABN 94 003 607 074).



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Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice, Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement.

Option means an option which enables the holder to subscribe for one Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Right means a Performance Right Issued under the Performance Rights Plan.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report section of the Annual Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Share Appreciation Right means a share appreciation right issued under the Share Appreciation Rights Plan.

Shareholder means a holder of a Share.

VWAP means volume weight average price.



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Variable A means "A" as set out in the calculation in section 7.2 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE A – TERMS OF PERFORMANCE RIGHTS PLAN

The key terms of the Performance Rights Plan are as follows:

- (a) **Eligibility:** The Board may declare in its sole and absolute discretion:
- (i) any full time or part time employee;
 - (ii) any Executive Director; or
 - (iii) subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor,
- of a Group Company, to be eligible to receive grants of Performance Rights under the Plan (**Eligible Participant**);
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Performance Rights, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **No Consideration:** Performance Rights granted under the Plan will be issued for nil cash consideration, unless the Board otherwise determines
- (d) **Grant of Performance Rights:** Once the Company has received and accepted a duly signed and completed acceptance form for Performance Rights, the Board will grant Performance Rights to the Eligible Participant, with effect from grant date, upon the terms set out in the Offer and the Plan and upon such additional terms and conditions as the Board determines.

The Company will, within a reasonable period after the grant date of the Performance Rights, issue the Eligible Participant with a certificate evidencing the grant of the Performance Rights.

- (e) **Grant Performance Rights Approvals:** The Board must ensure that:
- (i) every issue of Performance Rights under the plan complies with any applicable legislation; and
 - (ii) all necessary approvals required under any applicable legislation are obtained prior to the grant of the Performance Rights under the Plan.
- (g) **Dealings in Performance Rights:** A Performance Right granted under the Plan may not be assigned or transferred, except with written approval by the Board.

Where an Eligible Participant to whom a Performance Right has been granted (**Participant**) purports to transfer, assign, mortgage, charge or otherwise dispose or encumber a Performance Right, the Performance Right immediately lapses.

- (h) **Determination of Performance Conditions:** The Board, upon recommendations from the Remuneration Committee of the Board (**Committee**) shall, set the performance conditions applicable to the Performance Right. The satisfaction of the performance

conditions shall determine the proportion of Performance Rights held by the Participant which will vest to that Participant.

- (i) **Satisfaction of Performance Conditions:** At the end of each Performance Period for a Participant (being a period as determined by the Board, upon recommendations from the Committee, commencing on the Offer date, and being a period not less than 6 months and not more than five years from the date on which the Performance Rights was granted), the Board, upon recommendation from the Committee, will:
 - (i) determine whether and, if so, the extent to which, the performance condition applicable to that Performance Period has been satisfied and the proportion (if any) of the Performance Rights that vest; and
 - (ii) advise the Participant in writing:
 - (A) whether and the extent to which the performance condition for the Performance Period has been met; and
 - (B) of the proportion (if any) of the Performance Rights held by the Participant which vest to the Participant; and
 - (C) of the corresponding number of Shares (if any) to be issued.
- (j) **Vesting:** Unless otherwise designed by the Company, the Performance Rights granted under the Plan will vest at the end of the Performance Period, subject to and upon satisfaction of the performance condition.
- (k) **Automatic Exercise on Vesting:** Upon vesting of the Performance Right under the Plan, the vested Performance Right will automatically be exercised in favour of the Participant.
- (l) **Ceasing to be Eligible Participant due to death or ill health:** Where a Participant ceases to be an Eligible Participant as a result of:
 - (i) death; or
 - (ii) total or permanent disability,then any unvested Performance Rights automatically lapse unless the Board determines that all or a portion of those Performance Rights immediately vest, in which case the Board must promptly notify the holder or their personal legal representative in writing of the vesting.
- (m) **Lapsing of Performance Rights:** A Performance Right will lapse upon the earlier to occur of:
 - (i) the Participant purporting to transfer, assign, mortgage, charge or otherwise dispose or encumber a Performance Right;
 - (ii) subject to paragraph (m) above, a performance condition attaching to that Performance Right is not satisfied by the due date, or becomes

incapable of satisfaction, as determined by the Board in its absolute discretion;

- (iii) a Participant ceasing to be an Eligible Participant, unless the Board, upon recommendation from the Committee, otherwise determines within 30 days of the Participant ceasing to be an Eligible Participant;
 - (iv) in the opinion of the Board, a Participant acting fraudulently or dishonestly or is in breach of his or her obligations to any Group Company;
 - (v) the Performance Right lapsing in accordance with paragraph (w) below;
 - (vi) the expiry date of the Performance Right; and
 - (vii) the seven (7) year anniversary of the date of grant of the Performance Rights.
- (n) **Issue of shares:** Subject to the Corporations Act, the ASX Listing Rules and the Plan, the Company must issue to, or procure the transfer to, the Participant or his or her personal representative (as the case may be) the number of Shares the Participant is entitled to be issued in respect of vested Performance Rights that are exercised, within 10 business days of the Performance Rights being exercised (provided any payment due on exercise of the Performance Rights has been duly made).
- In the event that the issue of Shares on exercise of a Performance Right would require the Company to prepare a disclosure document (as that term is defined in the Corporations Act) in the absence of appropriate arrangements with the Participant, then the Company may require the Participant (as a precondition to the issue of the underlying Shares on exercise of the Performance Rights) to enter into such arrangements with the Company as the Board considers appropriate to ensure that the issue of such Shares without disclosure does not contravene the fundraising provisions of the Corporations Act.
- (o) **Share ranking:** All Shares issued under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.
- (p) **Listing of Shares on ASX:** If Shares of the same class as those issued under the Plan are listed on the ASX, the Company will apply to the ASX within 10 business days of Shares being issued for those Shares to be listed on ASX.
- (q) **Sale of Shares:** Subject to paragraph (r) below, there will be no transfer restrictions on Shares issued under the Plan unless the sale, transfer or disposal by the Participant of the Shares issued to them on exercise of the Performance Rights (or any interest in them) would require the preparation of a disclosure document (as that term is defined in the Corporations Act).

If a disclosure document is required, the Participant agrees to enter into such arrangements with the Company as the Board considers appropriate to prevent the sale, transfer or disposal of the relevant Shares in a manner that would require a disclosure document to be prepared.

- (r) **Restriction on disposal of Shares:** Any Share acquired by a Participant on the exercise of a Performance Right must not be disposed of or dealt with in any way by that Participant until the earlier of:
 - (i) the time when an event occurs so that the Eligible Participant to whom the Offer was originally made is no longer an Eligible Participant in any Group Company;
 - (ii) the Board, in its sole and absolute discretion, approving that the restriction on disposal be released where the Eligible Participant to whom the Offer was originally made dies or suffers total and permanent disability or severe financial hardship;
 - (iii) an event set out in paragraph (w) below occurs; and
 - (iv) the five year anniversary of the date of grant of the Performance Rights.
- (s) **Enforcing the disposal restriction:** The Company may make such arrangements as it considers necessary to enforce the restriction on disposal of Shares and the Participant must agree to such arrangements, including entering into a voluntary restriction agreement.
- (t) **Holding Locks:** Subject to the ASX Listing Rules as applicable, the Company may procure that a holding lock be put on those Shares while the Shares are subject to the restriction on disposal.
- (u) **Removing the restriction:** Within 10 business days of the Company becoming aware that the restriction on disposal of Shares under no longer applies, the Company must procure that any restriction on dealing with that Share pursuant to these rules no longer applies.
- (v) **Removing Holding Locks:** When the Company becomes aware that a Share is no longer subject to the restriction on disposal, the Company must, within 10 business days, procure that any holding lock on that Share is removed.
- (w) **Change of Control and winding-up:** Subject to the terms and conditions of a grant of a Performance Right, the Board may in its absolute discretion determine that all or a portion of any unvested Performance Rights automatically vest on:
 - (i) the following events occurring:
 - (A) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
 - (B) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (C) in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise



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those directors immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board; or

- (ii) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company,

in which case:

- (iii) the Board must promptly notify the holder of the vested Performance Rights in writing; and
 - (iv) the vested Performance Right will automatically be exercised in favour of the Participant.
- (s) **Adjustment for bonus issues:** If Shares are issued pro rata to the Company's Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each Participant is entitled, or the exercise price (if any), or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of the bonus issue.
- (t) **Rights Issue:** Subject to the Board determining otherwise, a Participant does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights save that, if the Performance Rights have been exercised and Shares issued before the relevant record date, than the holder of the Shares will participate along with other members in respect of those Shares.
- (u) **Adjustment for reorganisation:** In the event of any reorganisation (including consolidation or subdivision,) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled, or the exercise price (if any), or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.
- (v) **No other participation:** Except as set out in paragraphs (s) to (u) above, during the currency of any Performance Rights and prior to exercise, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights. In addition, Participants are not entitled to vote nor to receive dividends as a result of their holding Performance Rights.
- (w) **Amendments:** Subject to paragraphs (x) and (y) below, the Corporations Act and the ASX Listing Rules, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan.
- (x) **Restrictions on amendments:** Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which reduces the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:



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- (i) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.
- (y) **Retrospective Effect:** Any amendment made may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.
- (z) **Notice of amendment:** As soon as reasonably practicable after making any amendment, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

SCHEDULE B – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).

(c) **Exercise Conditions**

The Related Parties will be entitled to exercise the Options upon the achievement of the following exercise conditions (**Exercise Conditions**):

- 1 – Relative Total Shareholder Return (**RTSR**) measured against S&P Small Ordinaries Index for the relevant performance period. 50% shall vest at the 50th percentile and 100% shall vest at or above the 85th percentile.
- 2 – Earnings Per Share (**EPS**) measured by absolute EPS compounded growth of 10% or greater per annum.

(d) **Expiry Date**

Each Option will expire on the earlier to occur of:

- (i) the Optionholder ceasing to be an employee or Director of a Group Company for any reason whatsoever (including without limitation resignation or termination for cause) where:
 - (A) any Exercise Conditions have not been met by the date the relevant person cease to be an employee or Director of a Group Company (**Ceasing Date**); or
 - (B) any Exercise Conditions have been met by the Ceasing Date, and the Optionholder does not exercise the Options within a period of three (3) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date); and
- (ii) 5:00 pm (WST) on 30 September 2019,

(**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Options are exercisable at any time on and from achievement of the relevant Exercise Condition until the Expiry Date (**Exercise Period**).

(f) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.



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(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

- (i) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price shall be reduced according to the formula specified in the ASX Listing Rules.
- (ii) In the event of a bonus issue of Shares being made pro rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued upon exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the Exercise Price.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

The Options are not transferable.

SCHEDULE C – ISSUES OF EQUITY SECURITIES SINCE 28 NOVEMBER 2013

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 3 October 2014	3,725,000	Shares ² (escrowed until 13 January 2015)	Convertible Note holders (sophisticated and professional investors).	No issue price (non-cash consideration).	Non-cash Consideration: Shares issued on conversion of Class A Convertible Notes. Current value ⁶ = \$745,000
Issue – 3 April 2014	500,000	Unlisted Employee Options ⁵	Eligible Participants under the Company's Employee Option Plan.	No issue price (non-cash consideration).	Non-cash consideration. The Unlisted Options were issued as performance based remuneration under the Employee Option Plan. Current value ⁶ = \$65,000
Issue – 8 January 2014	18,000,000	Shares ²	The Marcon Group Vendors pursuant to the Prospectus dated 15 October 2013.	No issue price (non-cash consideration)	Non-cash consideration. Consideration for the acquisition of 100% of Marcon Pty Ltd and 100% of Core Plant and Equipment Pty Ltd (together the Marcon Group). Current value ⁶ = \$3,600,000
Issue – 8 January 2014	7,500,000	Class A Convertible Notes ³	Unrelated institutional and sophisticated investors.	\$0.20	Cash consideration. Amount raised = \$1,500,000 Amount spent = \$1,500,000 Use of funds: - Working capital. Amount remaining = \$Nil
Issue – 8 January 2014	7,500,000	Quoted Options (escrowed until 8 January 2015) ⁴	Unrelated institutional and sophisticated investors.	Nil cash consideration (free attaching to Convertible Notes on a 1:1 basis)	Non-cash consideration. Free attaching to Convertible Notes on a 1:1 basis. Current value ⁶ = \$525,000
Issue – 8 January 2014	12,500,000	Class B Convertible Notes ³	Core Investment Trusts (being the Vendors of the Marcon Group).	\$0.20	Cash consideration. Amount raised = \$2,500,000 Amount spent = \$2,500,000 Use of funds: - To repay the existing Marcon Group convertible noteholders in full. Amount remaining = \$Nil

Issue – 8 January 2014	12,500,000	Quoted Options (escrowed until 13 January 2016) ⁴	Core Investment Trusts (being the Vendors of the Marcon Group).	Nil cash consideration (free attaching to Convertible Notes on a 1:1 basis)	Non-cash consideration. Free attaching to Convertible Notes on a 1:1 basis. Current value ⁶ = \$875,000
Issue – 8 January 2014	12,740,000	Shares ²	Unrelated institutional and sophisticated investors.	\$0.20 (Nil discount/premium)	Cash consideration. Amount raised = \$2,548,000 Amount spent = \$2,548,000 Use of funds: - Working capital. Amount remaining = \$Nil
Issue – 8 January 2014	12,740,000	Quoted Options ⁴	Unrelated institutional and sophisticated investors.	Nil cash consideration (free attaching to Shares on a 1:1 basis)	Non-cash consideration. Free attaching to Shares on a 1:1 basis. Current value ⁶ = \$891,800

Notes:

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: VMX (terms are set out in the Constitution).
- The Convertible Notes comprise:
 - Class A Convertible Notes convertible into one (1) Share each at \$0.20 per Convertible Note (or \$1,500,000 in aggregate) with a maturity date of 30 September 2014; and
 - Class B Convertible Note convertible into one (1) Share each at \$0.20 per Convertible Note (or \$2,500,000 in aggregate) with a maturity date of 30 September 2015,
 a summary of which was disclosed in the Prospectus dated 15 October 2013.
- Quoted Options, exercisable at \$ 0.25each, on or before 8 January 2018, ASX Code: VMXO.
- Unquoted Options, exercisable at \$0.25 each on or before 30 June 2018. A summary of the terms and conditions of the Unlisted Options issued under the Company's Employee Option Plan were disclosed in the notice of meeting dated 30 August 2013.
- In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.20) or Options (\$0.07) as the context requires on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).



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PROXY FORM
VALMEC LIMITED
ABN 94 003 607 074

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint :

Name:

OR ☐ the Chair of the Meeting as my/our proxy,

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Bentleys, Level 1, 12 Kings Park Road, West Perth WA, on Friday 28 November 2014, at 11:00am (WST), and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Mr Vincent Goss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Related Party – Steve Dropulich	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options to Related Party – Vincent Goss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Performance Rights to Related Party – Steve Dropulich	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Performance Rights to Related Party – Vincent Goss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is : _____ %

Signature of Shareholder(s): Date: _____

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary



ABN: 94 003 607 074

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐



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Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** 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.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Valmec Limited, c/ Bentleys, PO Box 44, West Perth, WA, 6005;
 - (b) facsimile to the Company on facsimile number +61 89226 4300; or
 - (c) email to the Company at reception@perth.bentleys.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.