



CARDNO ANNUAL GENERAL MEETING

MEETING DOCUMENTATION

The 2014 AGM is being held on
Thursday, 23 October 2014
and will commence at 10:00am (Brisbane time).

The venue details:
Ballroom, Level 2, Marriott Hotel
515 Queen Street, Brisbane

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of members of **CARDNO LIMITED ('Cardno' or 'Company')** will be held on Thursday, 23 October 2014 at Ballroom, Level 2, Marriott Hotel, 515 Queen Street, Brisbane commencing at 10:00am (Brisbane time).

Cover: Images left to right

Cardno is responsible for the masterplanning, engineering design and construction supervision of works within the Greater Springfield Region, Queensland on behalf of Springfield Land Corporation and its project partners.

Cardno provided program secretariat support for the Pacific Leadership Program, (PLP). Image courtesy of DFAT.

Cardno Haynes Whaley won an Engineering News Record Best Project Award of Merit for work on Hess Tower, Houston.

Cardno is providing construction management and construction engineering and inspection services for the upgrading and widening of five major interchanges along the I-95 corridor in Florida.

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor contained in the Company's Financial Report for the financial year ended 30 June 2014.

2. REMUNERATION REPORT

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**):

'That the Remuneration Report contained in the Company's Financial Report for the financial year ended 30 June 2014 be adopted.'

Note: This resolution is advisory only and does not bind the Directors or the Company.

Note: Key management personnel whose remuneration details are contained in the remuneration report (and their closely related parties) are restricted from voting on this resolution under section 250R(4) of the *Corporations Act*.

3. RE-ELECTION OF JOHN MARLAY

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

'That John Marlay, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

4. RE-ELECTION OF TREVOR JOHNSON

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

'That Trevor Johnson, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

5. RE-ELECTION OF TONIANNE DWYER

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

'That Tonia Dwyer, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

6. ELECTION OF ELIZABETH FESSENDEN

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

'That Elizabeth Fessenden who was appointed to the Board following the last annual general meeting of the Company, and being eligible, be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution and Listing Rule 14.4.'

A summary of each candidate's experience and qualifications appears in the Company's Annual Report.

SPECIAL BUSINESS

7. NON-EXECUTIVE DIRECTORS' REMUNERATION

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

'That for the purposes of Clause 13.3 of the Company's constitution and Listing Rule 10.17 the maximum aggregate remuneration which may be paid to the Company's non-executive directors for their services as directors be increased by \$250,000 to a maximum of \$1,150,000 a year.'

8. RATIFICATION AND APPROVAL OF PREVIOUS ALLOTMENT AND ISSUE OF SECURITIES

Resolution 8A

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 18,580 fully paid ordinary shares at \$6.278 per share on 1 October 2013 in relation to the acquisition of Better Technical Options to those persons set out in the Explanatory Memorandum.'

Resolution 8B

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 550,546 fully paid ordinary shares at \$6.2088 per share on 9 October 2013 in relation to the acquisition of Haynes Whaley Associates to those persons set out in the Explanatory Memorandum.'

Resolution 8C

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 17,546 fully paid ordinary shares at \$6.60 per share on 20 December 2013 in relation to the acquisition of EM-Assist to those persons set out in the Explanatory Memorandum.'

Resolution 8D

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 10,369 fully paid ordinary shares at \$6.027608 per share on 8 January 2014 in relation to the acquisition of Australian Underground Services Pty Ltd to those persons set out in the Explanatory Memorandum.'

Resolution 8E

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 44,293 fully paid ordinary shares at \$6.84 per share on 17 January 2014 and 1,196 fully paid ordinary shares at \$6.66 on 3 July 2014 in relation to the acquisition of Marshall Miller & Associates, Inc to those persons set out in the Explanatory Memorandum.'

Resolution 8F

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 5,403,873 fully paid ordinary shares at \$6.38 per share on 14 March 2014 in relation to the acquisition of the PPI Group to those persons set out in the Explanatory Memorandum.'

Resolution 8G

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 8,196,722 fully paid ordinary shares at \$6.10 per share on 17 March 2014 pursuant to a placement to institutional and sophisticated investors as detailed in the Explanatory Memorandum.'

Resolution 8H

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 223,366 fully paid ordinary shares at \$6.3782 per share on 19 March 2014 in relation to the acquisition of ChemRisk, LLC to those persons set out in the Explanatory Memorandum.'

Resolution 8I

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 78,117 fully paid ordinary shares at \$7.0215 per share on 14 April 2014 in relation to the acquisition of IT Transport Limited to those persons set out in the Explanatory Memorandum.'

Resolution 8J

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 283,464 fully paid ordinary shares at \$7.0494 on 1 May 2014 in relation to the acquisition of Geotech Material Testing Services Pty Ltd to those persons set out in the Explanatory Memorandum.' ►

Resolution 8K

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

'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 638,139 fully paid ordinary shares at \$6.13324 (435,988 shares) and \$6.99568 (202,151 shares) on 3 July 2014 in relation to the acquisition of Caminosca S.A. to those persons set out in the Explanatory Memorandum.'

These resolutions are subject to voting exclusions as set out at the end of this Notice of Meeting.

9. ISSUE OF RIGHTS TO ACQUIRE ORDINARY SHARES TO EXECUTIVE DIRECTORS UNDER THE PERFORMANCE EQUITY PLAN

Resolution 9A

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Company's Performance Equity Plan, shareholders approve the granting of 130,000 Rights to Michael Renshaw, Executive Director, in the manner contemplated in the Explanatory Memorandum.'

Resolution 9B

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Company's Performance Equity Plan, shareholders approve the granting of 68,000 Rights to Trevor Johnson, Executive Director, in the manner contemplated in the Explanatory Memorandum.'

These resolutions are subject to voting exclusions as set out at the end of this Notice of Meeting. ■

DATED 19 September 2014

By Order of the Board



Michael Pearson
Company Secretary

NOTES

VOTING

1. Cardno has determined that for the purpose of voting at the meeting or adjourned meeting, shareholders who are recorded in Cardno's register of shareholders as at 7:00pm (Sydney time) on 21 October 2014 will be taken, for the purposes of the Annual General Meeting, to be entitled to attend and vote at the meeting.

APPOINTMENT OF PROXY

2. If you are a shareholder and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Cardno.
3. The proxy form must be completed and, together with the power of attorney (if any) under which the proxy form is signed, lodged at Cardno's share registry at Computershare Investor Services, GPO Box 242, Melbourne, Victoria, 3001 or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia) at least 48 hours before the meeting (i.e. lodgement must occur no later than 10:00am (Brisbane time) on 21 October 2014).
4. A shareholder entitled to attend and cast two or more votes at the meeting is entitled to appoint no more than two proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.
5. A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you have any queries on how to cast your votes then call the Company Secretary on +61 7 3369 9822 during business hours.

VOTING EXCLUSION STATEMENT

In accordance with the Corporations Act and the ASX Listing Rules, Cardno will disregard any votes cast:

- > in respect of **Resolution 2** by a member of the Key Management Personnel of the Company whose remuneration details are contained in the remuneration report and any Closely Related Party of such a member (as those terms are defined in the Corporations Act);

- > in respect of **Resolution 7** by any director of Cardno (or any of their nominees) and their associates;
- > in respect of each of **Resolutions 8A, 8B, 8C, 8D, 8E, 8F, 8G, 8H, 8I, 8J and 8K** by any person who participated in the issue of securities the subject of that resolution, as detailed in the Explanatory Memorandum, and their associates; and
- > in respect of **Resolutions 9A and 9B** by a Director of the Company (except one who is ineligible to participate in the Performance Equity Plan) and an associate of that person (or those persons).

However, Cardno need not disregard a vote in relation to any resolution if:

- > it is cast by a person referred to above who is otherwise excluded from voting on that resolution as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- > it is cast by the Chair of 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.

In addition, the following persons may not vote, and Cardno will disregard any votes cast by a member of the Key Management Personnel for the Cardno consolidated group, or a Closely Related Party of any such member, that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on **Resolutions 2, 7, 9A or 9B** unless:

- > the proxy is the Chair of the meeting at which **Resolutions 2, 7, 9A or 9B** is voted on; and
- > the proxy appointment expressly authorises the Chair to exercise the proxy even though **Resolutions 2, 7, 9A and 9B**, as the case may be, are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Cardno consolidated group.

Cardno will also apply the above voting restrictions in relation to persons appointed to vote on behalf of a shareholder under a power of attorney.

The Chair of the meeting intends to vote all undirected proxies in favour of all Resolutions.

To ensure your votes are counted on Resolutions 2, 7, 9A and 9B, you are encouraged to direct your proxy how to vote on those items by indicating your preference by completing the 'For', 'Against' or 'Abstain' boxes on the proxy form.

EXPLANATORY MEMORANDUM

Resolution 1 - Financial Statements and Reports

The Corporations Act requires that the Company's Annual Report (which includes the report of the Directors, the report of the Auditor and the financial reports) be presented to the annual general meeting. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting.

Resolution 2 - Directors' Remuneration Report

The Corporations Act requires that listed companies put a resolution to their shareholders to adopt by way of a non-binding vote the Remuneration Report as found in the Company's Annual Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

Resolutions 3 to 6 - Election of Directors

Under clause 16.1 of the constitution of the Company one half of the current Directors (excluding the Managing Director, any Director appointed under rule 13.2 and any Director who has vacated his/her office under clause 15.1) or if their number is not a multiple of two, the number nearest to but not less than one-third, must retire by rotation at each annual general meeting.

In accordance with this rule, Mr John Marlay, Dr Trevor Johnson and Ms Tonianne Dwyer retire at the end of the meeting. Mr Marlay, Dr Johnson and Ms Dwyer being eligible, present themselves for re election.

Ms Elizabeth Fessenden was appointed to the Board since the last Annual General Meeting under rule 13.2 of the Company's constitution. In accordance with rule 13.2, being eligible, Ms Fessenden presents herself for election.

A summary of each candidate's experience and qualifications appear in the Company's Financial Report.

The directors (other than Mr John Marlay, Dr Trevor Johnson, Ms Tonianne Dwyer and Ms Elizabeth Fessenden) recommend that shareholders vote in favour of resolutions 3 to 6. ►

Resolution 7 – Non-Executive Directors’ Remuneration

Clause 13.3 of the Company’s constitution provides that the directors are to be paid out of the funds of the Company as remuneration for their services as directors such sum accruing from day to day as the Company in general meeting determines, to be divided among them in such proportion and manner as they agree or, in default of agreement, equally.

Pursuant to Listing Rule 10.17, the Company is required to seek shareholder approval in order to increase the maximum aggregate remuneration payable to its non-executive directors.

In accordance with clause 13.3 of the Company’s constitution and Listing Rule 10.17, it is proposed that the maximum aggregate remuneration which may be paid to the Company’s non-executive directors be increased by \$250,000 to a maximum sum of \$1,150,000 a year to be divided among them in such proportion and manner as the Board agrees.

The limit does not apply to the executive directors of the Company.

The reasons for requesting the increase to the maximum aggregate remuneration for non-executive directors are as follows:

- (a) The current limit maximum aggregate remuneration limit of \$900,000 was approved by shareholders on 20 October 2011. In FY2014 on an annualised basis the remuneration for non-executive directors was approximately \$840,000.
- (b) The Board consists of six non-executive directors and two executive directors. The Board is likely to transition progressively from six non-executive directors and two executive directors to six non-executive directors and one executive director.
- (c) The Board is of the view that the proposed increase to non-executive directors’ aggregated remuneration is commensurate with market remuneration paid to non-executive directors at equivalent ASX listed companies in terms of growth and market capitalisation and is necessary to retain and attract appropriately qualified non-executive directors to the Company.
- (d) The company does not intend to allocate the full amount of the maximum aggregate remuneration immediately. It is expected that the increase would be sufficient for a period of at least three to four years.

(e) The Board has considered input from an independent external review of competitive remuneration practices for similar companies. Based on the benchmarking review undertaken, the Board has determined to increase non-executive director remuneration to ensure Cardno’s fees are competitive with its peers. No increase was applied to non-executive remuneration in FY14. Subject to approval of this resolution by shareholders, it is proposed to increase non-executive director remuneration by 10 per cent effective 23 October 2014 as follows:

- (i) Chairman of the Board; covering all responsibilities as Chairman of the Board and Chairman and/or member of any Board Committee, from \$250,000 to \$275,000;
- (ii) Other non-executive directors; covering all responsibilities as a member of the Board and other duties including representing the Company externally, from \$100,000 to \$110,000; and
- (iii) Committee Chairman; from \$20,000 to \$22,000, and Committee member; from \$10,000 to \$11,000 – covering all responsibilities as either chairman or member respectively of the Audit, Risk & Compliance Committee and of the Remuneration Committee.

In accordance with Listing Rule 10.17, the Company confirms that no securities have been issued to a non-executive director under Listing Rule 10.11 or Listing Rule 10.14 with the approval of shareholders at any time within the preceding three years.

Resolutions 8A, 8B, 8C, 8D, 8E, 8F, 8G, 8H, 8I, 8J and 8K - Ratification and approval of previous issue of securities

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue equity securities, including options. In effect, shareholder approval is required before the Company may issue securities representing more than 15 per cent of ordinary shares within a 12 month period.

Certain issues are exempt from that Listing Rule and effectively are disregarded for the purpose of calculating the number of securities which a company may issue. Under ASX Listing Rule 7.4, members may ratify an issue of equity securities so that the issue is disregarded in determining in the future whether the Company has reached that threshold.

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. Approval is sought to maintain the Company’s flexibility to manage its capital requirements and issue shares where necessary within the 15 per cent limit. ►

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the issue of securities:

RESOLUTION 8A

Date of Issue	1 October 2013
Issue price per Security	\$6.27 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Better Technical Options and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
9,290	Simon Cartwright
9,290	Michael McCoy

RESOLUTION 8B

Date of Issue	9 October 2013
Issue price per Security	\$6.20 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Haynes Whaley Associates and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
104,163	Larry Whaley
104,163	Robert Tyler
104,163	Mark Thompson
104,163	John Rohrer
66,176	Wally Ford
8,864	Ah-Loy Lo
12,497	Mark Merryman
12,497	Craig Meyers
12,498	Tom Heffernan
8,864	Yuan-Rong Chen
12,498	John Gander

RESOLUTION 8C

Date of Issue	20 December 2013
Issue price per Security	\$6.20 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in EM-Assist and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
7,082	Lynn Meland
5,698	Gregg Alex
4,766	Craig Blackhurst

RESOLUTION 8D	
Date of Issue	8 January 2014
Issue price per Security	\$6.02 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Australian Underground Services Pty Ltd and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
10,369	Scott Walter Guy & Lisa Joanne Ward atf the Ward Guy Family Trust

RESOLUTION 8E		
Date of Issue	17 January 2014	3 July 2014
Issue price per Security	\$6.84 per share	\$6.66 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Marshall Miller & Associates, Inc and its associated entities.	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Marshall Miller & Associates, Inc and its associated entities.
Persons to whom Securities were issued	Number of Securities issued	Number of Securities issued
Karl Scott Keim	20,138	544
Peter Lawson	9,724	263
Ronald Mullenex	6,938	188
Joseph Vance	2,755	74
Cathy Yost	2,314	63
Hans Naumann	716	19
J Scott Nelson	716	19
John Feddock	716	19
Peter Taylor	276	7

RESOLUTION 8F	
Date of Issue	14 March 2014
Issue price per Security	\$6.38 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in PPI Group and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
209,090	Petropro Holdings LP
1,523,123	Brams Holdings LP
1,523,123	Haljan Management LP

RESOLUTION 8F Continued

Number of Securities issued	Persons to whom Securities were issued
1,523,123	Lagomar Ventures LP
303,263	Stonetalong Holdings LP
17,236	Craig Douglas Alford
51,567	Christopher W Edwards
41,492	Bruce Flockton
19,017	Roland E Goerner
20,038	Charles S Kirklin
48,512	Joshua Laase
11,491	Frank McCoy
17,039	Charles L McDaniel
14,040	Waymon M Tucker
48,512	Thomas G Whiteley
14,040	Jodie G Williams
19,167	Tommy Williamson

RESOLUTION 8G

Date of Issue	17 March 2014
Issue price per Security	\$6.10
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued under a placement as announced to the market on 17 March 2014. The funds raised were used to fund (in part) the acquisition of the PPI Group and to maintain the Company's balance sheet strength and flexibility for future growth.
Number of Securities issued	Persons to whom Securities were issued
8,196,722	Institutional, sophisticated and experienced investors selected in conjunction with the Company's broker

RESOLUTION 8H

Date of Issue	19 March 2014
Issue price per Security	\$6.37 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in ChemRisk, LLC and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
170,000	Chemrisk Inc.
17,943	Brent Finley
5,378	John L Henshaw
3,550	Amy Madl
4,482	David Galbraith

RESOLUTION 8H Continued	
Number of Securities issued	Persons to whom Securities were issued
2,958	Julie M Panko
2,958	Brian J Gaffney & Shannon H Gaffney atf the Brian & Shannon Gaffney Living Trust
2,958	Mark Garavaglia
2,071	Pamela Chapman Kokoszka
1,775	Jennifer S Pierce
1,775	Jennifer Sahmel Elliott
1,569	Ellen Donovan
1,184	Kenneth M Unice
1,653	Edward F Brennan
655	Paul Scott
655	Meg McKinley
655	Dana Hollins
491	Kathryn D Devlin
328	Marisa L Kreider
328	Erin Shay

RESOLUTION 8I	
Date of Issue	14 April 2014
Issue price per Security	\$7.02 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in IT Transport Limited and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
13,027	David Jennings
13,012	Gladys Jennings
13,027	Adam Andreski
13,012	Joyce Andreski
13,027	Gary Taylor
13,012	Veronica Taylor

RESOLUTION 8J	
Date of Issue	1 May 2014
Issue price per Security	\$7.04 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Geotech Material Testing Services Pty Ltd and its associated entities.
Number of Securities issued	Persons to whom Securities were issued
283,464	Stephen Grant Pederick & Denise Anne Pederick atf the Pederick Family Trust

RESOLUTION 8K		
Date of Issue	3 July 2014	3 July 2014
Issue price per Security	\$6.13 per share	\$6.99 per share
Terms of Securities issued	Rank equally with all fully paid ordinary shares on issue	Rank equally with all fully paid ordinary shares on issue
Basis for determining allottees and use of funds raised by the issue	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Caminosca S.A. and its associated entities.	Shares issued pursuant to the Share Sale Agreement for the acquisition of 100 per cent of the issued capital in Caminosca S.A. and its associated entities.
Persons to whom Securities were issued	Number of Securities issued	Number of Securities issued
Edgar Gonzalo Almeida Saltos	3,348	1,652
Galo Rodrigo Atiaga Galeas	1,670	824
Alexandre Barahona Dos Santos	2,332	1,151
Ricardo Armando Buitron Aguirre	3,336	1,647
Tarquino Humberto Caballero Castillo	2,784	1,375
Lucio Rodrigo Calpa Caicedo	2,638	1,302
Francisco Anibal De Vacas Travez	3,704	1,828
Efren Enrique Estrella Arias	1,956	965
Edison Alberton Heredia Calderon	2,728	1,347
Jesus Alberto Jacome Espinosa	2,107	1,040
Luis Fernando Jara Samaniego	3,739	1,846
William Timoleon Jimenez Ponton	1,190	588
Cesar Enrique Lara Revelo	1,283	633
Carlos Rodrigo Muirragui Castrillon	1,211	598
Andre Laubach Galindo	1,178	582
Maria Del Carmen Moreano Barragan	3,596	1,775
Jorge Washington Moreno Cazar	1,836	906
Diego Patricio Ortiz Brennan	3,728	1,841
Frank Alex Plua Aguirre	1,212	598
Juan Jose Recalde Rosero	2,022	998
Hugo Alfredo Rivadeneira Endara	2,259	1,115
Fernando Ramiro Romero Taco	1,997	986
Jorge Eduardo Sanchez Gomez	1,821	899
Boris Asdrubal Toledo Carrion	2,200	1,086
Boris Vladimir Unda Guayasamin	1,313	648
Patricio Abraham Verdezoto Villacis	1,055	521
Jose Guillermo Villagomez Cardona	2,014	994

RESOLUTION 8K Continued		
Persons to whom Securities were issued	Number of Securities issued	Number of Securities issued
Alberto Jose Zambrano Proaño	2,665	1,316
Eduardo Jacome Merino	111,483	45,624
Carlos Diego Jacome Merino	55,742	22,812
Maria del Carmen Moreano Barragan	55,741	22,812
Alberto Jacome Varela	111,483	45,624
Galo Enrique Recalde Maldonado	83,612	34,218
Sarahn International Limited	54,911	0
Danalda Enterprises Limited	54,911	0
Jesus Alberto Jacome Espinosa	54,911	0
Haloland Internal Limited	41,182	0

Resolutions 9A and 9B – Approval of Issue of Rights to Acquire Ordinary Shares to Executive Directors under the Performance Equity Plan

Under ASX Listing Rule 10.14 the Company must seek shareholder approval to grant securities to Directors. The Company proposes to issue rights to acquire ordinary shares in the Company (Rights) to Michael Renshaw and Trevor Johnson.

Under the Performance Equity Plan, the Remuneration Committee of the Board determines which employees qualify and are deserving of consideration for the issue of Rights. The Board believes that by providing this incentive to key performing employees, they will be encouraged to stay with the Company and seek to improve the performance of the Company.

The Rights are subject to certain vesting conditions related to the Company's Earnings Per Share Growth (**EPS**) and also Total Shareholder Return (**TSR**) over three years.

The Board is of the view that the terms of the proposed grant of Rights to the Executive Directors are consistent with stakeholder guidelines and Australian market practice. Under the vesting conditions for the Rights, 12 per cent per annum EPS growth averaged over three years and a relative TSR in the 75th percentile and above are required for 100 per cent vesting. The vesting scale in respect of the percentage of Rights which vest, together with a summary of the principal terms is set out below.

The numbers of Rights to be granted has been determined having regard to market competitive remuneration packages with a strong emphasis on performance and growing shareholder value.

The principal terms of the Rights proposed to be granted to Michael Renshaw and Trevor Johnson are the same as that which will apply to other Rights which may be issued under the Performance Equity Plan in the 2015 financial year, and are summarised in Schedule 1 to this Explanatory Memorandum.

Shareholder approval

Approval is sought under Listing Rule 10.14 and Chapter 2E of the Corporations Act for the issue of Rights to Michael Renshaw and Trevor Johnson on the terms and conditions detailed in this Explanatory Memorandum.

Listing Rule Requirements

Listing Rule 10.14 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A director is a related party for the purposes of the Listing Rules. Listing Rule 10.14 also restricts the issue of securities under an employee incentive scheme to directors.

Specific information which must be provided to shareholders in accordance with ASX Listing Rule 10.15 is set out on the opposite page. ►

Type of Securities	Rights to acquire ordinary shares in the Company.	
Plan	The Rights will be granted under Cardno's Performance Equity Plan.	
Numbers of Rights to be Granted	It is intended that the following maximum number of Rights be granted within 12 months of the meeting, if approved by shareholders.	
	Name of Executive Director	Number of Rights to be Granted
	Michael Renshaw	130,000
	Trevor Johnson	68,000
Numbers of Rights Granted Since Last Approval	Name of Executive Director	Number of Rights to be Granted
	Andrew Buckley	120,000
	Michael Renshaw	70,000
	Trevor Johnson	40,000
Directors entitled to participate in the Performance Equity Plan	Michael Renshaw and Trevor Johnson	
Amount payable for the Rights	Nil consideration will be sought from Executive Directors in relation to the Rights to be granted.	
Exercise Price of the Rights	Nil.	
Term of the Rights	Four years. If not exercised within the term they will lapse.	
Vesting of Rights	Vesting of the Rights will be subject to performance measures.	
Performance Measures	Tranche 1 being 50 per cent of the Rights, may vest depending upon relative TSR performance. Tranche 2 being 50 per cent of the Rights, may vest depending upon EPS growth.	
Total Shareholder Return (TSR)	TSR is the percentage movement in shareholder value from an investment in a company's shares over a defined time period calculated by reference to the change in the share price and dividends assuming that dividends are immediately reinvested into the company's shares.	
EPS Growth	EPS growth will be calculated by comparing Cardno's EPS for the year ended 30 June 2017 with its EPS for the year ended 30 June 2014. The Board will have discretion to normalise EPS to reflect underlying business performance and to neutralise windfall gains or losses attributable to capital raisings or reductions.	
Performance Measurement Period	3 years ending on 30 June 2017.	
TSR Comparator Group	Companies ranked between 101 – 200 in the S&P/ASX 300 (ie. the second 100 companies in the S&P/ASX 300) based on market capitalisation as at 1 July 2014 excluding companies classified in the Financial, Energy, Metals and Mining GICS sectors.	
TSR Vesting Scale (50%)	TSR of Cardno Relative to TSR's of Companies in Comparator Group	% of Rights in Tranche to Vest
	<50th percentile	0%
	50th percentile	50%
	>50th & <75th percentiles	Pro rata
	75th percentile and above	100%

EPS Growth Vesting Scale (50 per cent)	EPS Growth Over 3 Years	% of Rights in Tranche to Vest
	<12.5% (<4% pa)	0%
	12.5% (4% pa)	30%
	>12.5% (4% pa) & <26% (8% pa)	Pro rata
	26% (8% pa)	70%
	>26% (8% pa) & <40% (12% pa)	Pro rata
	≥40% (12% pa)	100%
Retesting	No retesting to be available.	
Dealing Restrictions	Rights may not be sold but can be exercised after they vest. Dealing in shares acquired by exercising Rights is unrestricted.	
Exercise of Vested Rights	<p>Vested Rights may be exercised at any time between the date of vesting and the end of the term of the Rights i.e. up to the 4th anniversary of the grant of the Rights.</p> <p>On exercise, the Board will determine whether to secure the shares via a new issue or an on-market purchase and whether or not to use an employee share trust.</p>	
Termination of Employment	<p>If a holder of Rights ceases to be employed by the Cardno group in circumstances where they are deemed to be a 'good leaver', they will continue to be entitled to hold any unvested Rights (unless the Board determines otherwise) and the Rights will vest subject to the existing performance measures being satisfied.</p> <p>If a holder of Rights is deemed to be a 'bad leaver', all unvested Rights will lapse (subject to the Board exercising its discretion to allow some or all of the unvested Rights to continue).</p> <p>Schedule 1 provides further details regarding when a person will be a 'good leaver' or a 'bad leaver'.</p>	
Takeover	If a person acquires greater than 50 per cent of the Company in a takeover or a scheme of arrangement under which the person will acquire greater than 50 per cent of the Company is approved (or a similar transaction occurs as determined by the Board), the Rights may be exercised even if the vesting conditions are not satisfied.	
Bonus Issues and Capital Reconstructions	In the event of a pro rata bonus issue of Cardno shares, the number of shares into which a Right converts will be adjusted in accordance with the Listing Rules. If there is a reorganisation of the issued capital of Cardno the number of Rights will be adjusted to the extent necessary to comply with the Listing Rules.	

Corporations Act requirements - related party transactions

Section 208(1) of the Corporations Act provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party. Each of Michael Renshaw and Trevor Johnson are related parties of the Company for the purposes of section 228(2) of the Corporations Act as they are Directors. The issue of the Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act.

Specific information must also be provided to shareholders in accordance with section 219 of the Corporations Act. The majority of this information is set out above in accordance with Listing Rule 10.15 with the balance of the information regarding the Directors' recommendations set out below.

If all Rights were to be issued and vested, the Company's fully paid share capital will be diluted by approximately 0.116 per cent (assuming all 2011, 2012, 2013 and 2014 Rights have been exercised and that there are no other changes in the share capital held by each grantee or that of Cardno prior to the vesting of the Rights and that all the Options are exercised). The holdings of Michael Renshaw and Trevor Johnson in this instance are set out in the table below.

	Ordinary shares currently held	Options currently held	Rights currently held	Total share capital held if all issued Options & Rights are exercised %	Proposed issue of Rights	Total share capital held if all Options & Rights are exercised %
Michael Renshaw	313,305	0	170,000	0.283%	130,000	0.358%
Trevor Johnson	1,649,964	0	100,000	1.023%	68,000	1.062%

In order to assist shareholders in making a decision on this resolution, the Company discloses the following information concerning the value of the Rights to be issued to each of the Executive Directors. A fair value of the Rights to be issued has been calculated using the Monte-Carlo method for Tranche 1 and the Black Scholes methodology for Tranche 2. Both methodologies are based on a number of assumptions, as set out in the tables below. The Board believes these valuation models are appropriate to the circumstances and has not used any other valuation or models in proposing the terms of the Rights.

The Board draws shareholders' attention to the fact the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the Executive Director benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 1 September 2014. ►

	Total Shareholder Return Over 3 Years (Tranche 1: 50%)	EPS Growth Over 3 Years (Tranche 2: 50%)
Underlying price*	\$6.29	\$6.29
Volatility (estimate)	31%	31%
Dividend Yield (estimate)	5.5%	5.5%
Expiry Date	23 October 2017	23 October 2017
Exercise (strike) price	Nil	Nil
Risk free rate (estimate)	3.0%	3.0%
Right Value	\$4.60	\$5.33
Number of Rights issued	99,000	99,000
Executive Director benefit expense (expensed over 3 years)	\$455,400	\$527,670

* calculated using the volume weighted average price (VWAP) for the month of August 2014.

For the 12 month period to 1 September 2014 the Company's shares traded in the range of \$5.805 to \$7.34. As at close of trade on 1 September 2014, the shares closed at \$6.73.

Details of the Executive Directors' proposed remuneration for FY2014 is shown in the table below. (Valuation of the Rights is indicative only).

	Michael Renshaw	Trevor Johnson
Base Salary Package (including Superannuation)	700,000	425,000
Previously Awarded Long Term Benefits	99,722	52,147
Long Term Benefits (Rights) if approved in 2014 Annual General Meeting)	108,245	56,621
Total	\$907,967*	\$533,768*

* Short term incentive benefits may also be paid at the discretion of the Board based on performance.

Each of the Directors not eligible to participate in the Performance Equity Plan, being Anthony Barnes, Tonianne Dwyer, Ian Johnston, John Marlay, Grant Murdoch and Elizabeth Fessenden (Non-Executive Directors), wish to recommend that shareholders vote in favour of this resolution to grant the Rights to Michael Renshaw and Trevor Johnson as the issue of the Rights will provide appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Michael Renshaw and Trevor Johnson do not wish to make a recommendation in respect to this resolution as they are directly interested in its outcome. The Non-Executive Directors consider that the incentive represented by the grant of the Rights is a cost effective and efficient incentive when compared to other forms of incentive.

The primary purpose of the Rights is to reward performance and provide an incentive to Michael Renshaw and Trevor Johnson. Given this purpose, the Non-Executive Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Rights the subject of this resolution. ■

Schedule 1

Summary of terms and conditions of Performance Equity Plan relating to the issue of Performance Rights

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

'ASX' means the ASX Limited ACN 008 624 691

'Board' means all or some of the directors of the Company acting as a board

'Associated Holder' means the spouse of an Employee, or a company or trust controlled either by the Employee or by their spouse, or by the Employee together with their spouse

'Bad Leaver' means an Employee who ceases to be employed or engaged by the Group because of:

- (a) resignation other than:
 - (i) because of permanent incapacity through ill health or death;
 - (ii) with the prior consent of the Board; or
 - (iii) because the Employee has taken absence from his or her employment or engagement for more than three months (whether in one continuous period or otherwise) for compassionate reasons resulting from personal tragedy; or
- (b) termination of fraud, misconduct, negligence or breach of law

'Change of Control' means in relation to the Company:

- (a) in the case of a takeover bid for the Company, any person, either alone or together with any associate (as defined in the Law), acquires voting power (as defined in the Law) of more than 50 per cent in the Company; or
- (b) a scheme of arrangement under which any person, either alone or together with any associate (as defined in the Law), will acquire voting power (as defined in the Law) of more than 50 per cent in the Company, is finally approved; or
- (c) any other event which the Board determines in its discretion is a Change of Control

'Company' means Cardno Limited ACN 108 112 303

'Constitution' means the constitution of the Company from time to time in force

'Directors' means the board of directors for the time being of the Company or any duly constituted committee thereof

'Employee' means a person who is at any material time an employee or director of any Group Company or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the Plan

'EPS' means Earnings per share

'EPS Growth' means the change in EPS determined by comparing the Company's EPS over the three year period.

'Good Leaver' means an Employee who ceases to be employed or engaged by the Group and who is not a Bad Leaver

'Group' means together the Company and its subsidiaries

'Group Company' means any company, including without limitation the Company, which is at any material time a member of the Group

'Law' means the Corporations Act 2001 (Cth)

'Listing Rules' means the official listing rules of the ASX from time to time in force as they apply to the Company

'Participant' means an Employee or an Associated Holder who acquires Shares under the Plan

'Plan' means the Cardno Limited ACN 108 112 303 Performance Equity Plan set out in the Rules

'Right' means a right to acquire Shares

'Rights Exercise Period' in relation to Performance Rights means, subject to clause 3.5, the period between the third and fourth anniversary of the date the Rights are granted

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

'TSR' means Total Shareholder Return

'Tax Act' means the Income Tax Assessment Act 1997 or the Income Tax Assessment Act 1936 (Cth) as appropriate

'Tranche 1' means 50 per cent of Rights granted relative to TSR performance

'Tranche 2' means 50 per cent of Rights granted relative to EPS Growth ►

2. EXERCISE OF RIGHTS

2.1 Subject to clause 2.5, a Right will entitle the holder to acquire a Share:

- (a) if the vesting conditions in Tranche 1 or Tranche 2 are satisfied; and
- (b) at any time during the Rights Exercise Period for Rights.

On exercise, Rights may be satisfied by an issue of new Shares or the acquisition of Shares already on issue.

2.2 For Rights in Tranche 1 to vest, by comparison to other companies in the same comparator group, the Company's must achieve a TSR over the next three years in accordance with the following scale:

TSR of Cardno Relative to TSRs of Companies in Comparator Group	% of Rights in Tranche to Vest
<50th percentile	0%
50th percentile	50%
>50th & <75th percentiles	Pro rata
75th percentile and above	100%

2.3 For the Rights in Tranche 2 to vest, the Company must achieve EPS Growth in accordance with the following scale:

EPS Growth Over 3 Years	% of Rights in Tranche to Vest
<12.5% (<4% pa)	0%
12.5% (4% pa)	30%
>12.5% (4% pa) & <26% (8% pa)	Pro rata
26% (8% pa)	70%
>26% (8% pa) & <40% (12% pa)	Pro rata
[≥]40% (12% pa)	100%

2.4 Once the Rights vest, the holder will have until the 4th anniversary of the grant to exercise the Right. To do so the holder will need to complete and lodge the relevant form with the Company Secretary before the 4th anniversary of the grant. One share will be provided for each Right that has vested and been exercised.

2.5 Where the holder (or, if the holder is an Associated Holder, the Employee who nominated the Associated Holder) ceases to be an employee or director or any Group Company before the vesting of a Right:

- (a) if the holder is deemed to be a Good Leaver, the holder (subject to the Board determining otherwise) shall be entitled to continue to hold any unvested Rights and to exercise those Rights during the Rights Exercise Period subject to the relevant vesting conditions (other than any vesting conditions relating to continued employment with any Group Company) being satisfied; and
- (b) if the holder is deemed to be a Bad Leaver, any unvested Rights shall lapse (subject to the Board determining otherwise).

2.6 The Exercise Price of the Rights is nil.

3. RIGHTS ATTACHING TO PERFORMANCE RIGHTS

3.1 In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Performance Rights will be adjusted (as appropriate) by the Board to the extent necessary to comply with the Listing Rules. In all other respects the terms for the exercise of the Rights shall remain unchanged.

3.2 Until Shares are acquired pursuant to the exercise of Right, the holder of a Right shall not participate in dividends on Shares or, subject to clause 3.3, new issues of securities by the Company.

3.3 In the event of a pro rata bonus issue of securities by the Company, the number of Shares over which a Right exists will be adjusted in the manner specified in Listing Rule 6.22.3.

3.4 Rights may not be transferred.

3.5 If there is a Change of Control in respect of the Company, then a Participant may exercise any Rights held by the Participant irrespective of whether the vesting conditions are satisfied in respect of those Rights. The Directors may also bring forward the end date of the Rights Exercise Period where there is a Change of Control.

4. ISSUE OF SHARES

4.1 If the Board elects to issue Shares on the exercise of Rights, the Board will issue Shares after Rights have been exercised in accordance with clause 2 at the next succeeding Board meeting and, in any event, within 15 business days after receiving notice of the exercise of the Rights.

- 4.2 If the Company's Shares are officially quoted by ASX at the time any Shares are issued pursuant to the exercise of Rights, the Company will apply to ASX for official quotation of such Shares issued pursuant to the exercise of the Rights within the time prescribed by the Listing Rules and, in any event, within 10 business days of the issue of those Shares.
- 4.3 A Share issued pursuant to the exercise of any Rights will rank equally in all respects with existing Shares.

5. ADMINISTRATION OF PLAN

- 5.1 The Directors may in their absolute discretion:
- (a) amend, add to or waive any provision of the Plan or any restriction or other condition relating to any Shares or Right allocated under the Plan but subject to 10.2 of the Rules and the Listing Rules; and
 - (b) waive compliance with, or any breach of, a provision of the Plan.
- 5.2 The Directors may not make any amendment to the provisions of the Plan, or to any restriction or other condition relating to any Shares or Rights allocated under the Plan, which adversely affects the rights attaching to the Shares or Rights of Participants allocated to them before the date of the amendment but may, notwithstanding this limitation, make any such amendment with the agreement of a Participant or where the primary purpose of the amendment is:
- (a) to comply with present or future State or Commonwealth legislation or foreign laws governing or regulating the maintenance or operation of the Plan or similar plans;
 - (b) to enable the Company to comply with the Corporations Act, the Listing Rules, any other Australian laws, applicable foreign laws, or a requirement, policy or practice of the Australian Securities and Investments Commission, ASX or other foreign or Australian regulatory body
 - (c) to correct any manifest error; or
 - (d) to take into consideration possible adverse tax implications in respect of the Plan arising from (among other things):
 - (i) adverse rulings from the Commissioner of Taxation;
 - (ii) actual or proposed changes to tax legislation (including without limitation an official announcement by the Commonwealth of Australia); or
 - (iii) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction.
- 5.3 Any amendment may be given retrospective effect as specified in the written instrument or resolution by which the amendment is made. ■

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