

NOTICE OF ANNUAL GENERAL MEETING 2014

9 October 2014

Dear Shareholder,

Stream Group Limited: Notice of 2014 Annual General Meeting

I am pleased to invite you to attend the 2014 Annual General Meeting for Stream Group Limited (Stream).

The AGM will be held at Level 2, 108-110 Pacific Highway, St Leonards NSW on Monday 10 November 2014, commencing at 10.00am. The following pages include the Notice of Annual General Meeting detailing the items of business that you have the opportunity to vote on as well as explanatory notes and voting procedures.

If you are attending, kindly bring the attached Proxy Form with you as this will assist with your registration. If you cannot attend, you are encouraged to complete and lodge the Proxy Form as directed.

Details of Stream Directors who are retiring either by rotation and who are now offering themselves for re-election are set out in the Explanatory Statements and other relevant information is enclosed.

Yours sincerely



Christian Bernecker

Chairman

The Annual General Meeting of the Shareholders of Stream Group Limited will be held at Cerno Ltd at Level 2, 108-110 Pacific Highway, St Leonards NSW on 10 November 2014 at 10.00am (AEDT).

Further information on the business is set out below and is contained in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

ORDINARY BUSINESS

1. Financial Report for the Year Ended 30 June 2014

To receive and consider the Company's financial statements and the reports of the Directors and of the Auditor for the year ended 30 June 2014.

2. Remuneration Report

Resolution 1- To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2014, as set out in the Directors' report be adopted."

Note: This resolution is required under subsection 250R(2) of the Corporations Act 2001 and although it is advisory only, the results of this resolution are relevant for the purpose of subsection 250U of the Corporations Act 2001.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by:

- or on behalf of a member of the Key Management Personnel whose remuneration is included in the Remuneration Report;
- or on behalf of a Closely Related Party (such as close family members and any controlled companies) of a member of Key Management Personnel whose remuneration is included in the Remuneration Report; or
- as a proxy of any of the above.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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 and expressly authorises them to exercise the proxy regardless of whether the resolution relates directly or indirectly to the remuneration of any Key Management Personnel..

3. Election of Directors

Resolution 2- Elect Tony Nicklin as a Director

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

"That Tony Nicklin, who retires in accordance with the Company's Constitution, be elected as a Director of the Company."

EXTRA-ORDINARY BUSINESS

4. Acquisition of National Insurance Replacement Services

Resolution 3- Issue of Shares

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

"That, for the purpose of Listing Rule 7.1, approval is given for the Company to issue 3,547,668 ordinary fully paid shares, as described in the Explanatory Statement to the 2014 Notice of Annual General Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by:

- a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed; or
- an associate of such a person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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.

5. Acquisition of Cerno Ltd

Resolution 4- Issue of Class A Performance Shares

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

“That, for the purpose of Listing Rule 6.1 and Listing Rule 7.1, approval is given for the Company to issue up to 6,174,390 Class A Performance Shares on the terms and to the persons as described in the Explanatory Statement to the 2014 Notice of Annual General Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by:

- a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed;
- an associate of such a person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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.

6. Acquisition of Cerno Ltd

Resolution 5- Issue of Class B Performance Shares

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

“That, for the purpose of Listing Rule 6.1 and Listing Rule 7.1, approval is given for the Company to issue up to 3,181,818 Class B Performance Shares on the terms and to the persons as described in the Explanatory Statement to the 2014 Notice of Annual General Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by:

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed;
- (b) an associate of such a person.

However, the Company need not disregard a vote cast by a person described in paragraph (b) above, if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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.

7. Acquisition of Cerno Ltd

Resolution 6- Issue of Ordinary Fully Paid Shares

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

“That, for the purpose of Listing Rule 7.1, approval is given for the Company to issue up to 2,272,727 ordinary fully paid shares as described in the Explanatory Statement to the 2014 Notice of Annual General Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by:

- (c) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed;
- (d) an associate of such a person.

However, the Company need not disregard a vote cast by a person described in paragraph (b) above, if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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.

8. Ratify Issue of Shares under Replacement Prospectus

Resolution 7- Ratify issue of Shares

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, approval is given for the issue and allotment of 3,605,509 ordinary fully paid shares that occurred on 8 April 2014 as described in the Explanatory Statement to the 2014 Notice of Annual General Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by:

- any person who participated in the issue of the securities; or
- an associate of such a person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) 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 ENTITLEMENT

Pursuant to section 1074E(2)(g) of the Corporations Act 2001 (Cth) and Regulation 7.11.37 of the Corporations Regulation 2001, the Board of Stream Group Limited has determined that a Shareholder's voting entitlement at this meeting will be taken to be the entitlement of the persons shown in the Company's register of members as at 10.00am on 8 November 2014.

PROXIES

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in the member's place. The proxy need not be a member of the Company, and may be a corporation. A proxy form accompanies this Notice of Annual General Meeting for this purpose.

A proxy form must be signed by a member or his or her attorney and, in the case of a joint holding, by each of the joint holders.

Members who are entitled to cast two or more votes may appoint not more than two proxies to attend and vote at this meeting. Members wishing to appoint a second proxy should request an additional proxy form from the Company's share registry – Advanced Share Registry Services. Where two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. If no such proportion or number is specified, each proxy may exercise half of the votes. Fractions of votes are to be disregarded.

Where a member appoints 2 proxies, on a show of hands neither proxy may vote if more than one proxy attends and on a poll each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.

The appointment of one or more duly appointed proxies will not preclude a member from attending this meeting and voting personally. If the member votes on a resolution, the proxy must not vote as the member's proxy on that resolution.

NOTICE OF ANNUAL GENERAL MEETING 2014

Any instrument appointing a proxy in which the name of the appointee is not completed is regarded as given in favour of the chairman of the meeting.

In the case of joint holders of shares, if more than one holder votes at the meeting, only the vote of the first named of the joint holders in the share register of the Company will be counted.

To be effective, proxy forms (and the power of attorney or other authority (if any) under which it is signed (or an attested copy)) must be received by the Company no later than 48 hours before the appointed time of the meeting and can be returned to the Company by the following methods:

To the Company's Share Registry: or Direct to the Company:

Advanced Share Registry Services

Stream Group Limited

By mail:

By fax:

By fax:

PO Box 1156
Nedlands, WA, 6909

(08) 9262 3723

(02) 8014 5060

Proxies given by a corporation must be signed either under seal or under the hand of a duly authorised attorney. In addition, should the constitution of a corporation permit the execution of documents without using a common seal, the documents must be signed by two directors or a director and company secretary, or for a proprietary company that has a sole director who is also a company secretary, that director.

If a body corporate is appointed as proxy, please write the full name of that body corporate (eg, Company X Pty Ltd). Do not use abbreviations. The body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act; and,
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If no such evidence is received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

Body Corporate Representatives:

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of LRG.
- To evidence the authorisation, either a certificate of corporate body representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.

By order of the Board



Tom Rowe

Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice of General Meeting of Stream Group Limited ("the Company" or "Stream").

All Ordinary Shareholders should read this Explanatory Statement in full and if they have any questions, obtain professional advice before making any decisions in relation to the Resolutions to be put to Shareholders at the AGM.

Agenda Item 1 is not a resolution.

Resolution 1 is an advisory resolution.

Resolutions 2 to 7 are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution.

Item 1- Financial Statements and Reports

The Corporations Act requires that the Directors' Report, Directors' Declaration, Independent Audit Report and the financial statements of the Company for the year ended 30 June 2014 be presented at the AGM. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting. Apart from matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the AGM on such reports or statements; however Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

- the content of the Auditor's Report to be considered at the meeting; or
- the conduct of the audit of the annual financial statements to be considered at the meeting.

Any written questions must be submitted to the Company Secretary before 5.00pm 5 November 2014.

By mail to:
The Company Secretary
Stream Group Limited
C/o Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road, Sydney, NSW 2000

By facsimile to: 61 2 8014 5060

By email to: trowe@simpsons.com.au

Resolution 1- Remuneration Report

The Corporations Act requires that the section of the Directors' Report dealing with the remuneration of Directors and Key Management Personnel (Remuneration Report) be put to the vote of Shareholders for adoption by way of a non-binding vote.

The vote is relevant to the recently introduced Division 9 of Part 2G.2 of the Corporations Act. The Remuneration Report was passed unanimously on a show of hands at the preceding Annual General Meeting held on 13 January 2014.

The Remuneration Report is contained in the Annual Report.

Resolution 2- Election of Tony Nicklin

Tony Nicklin was elected by the Board on 25 July 2014. In accordance with the Constitution he retires and submits himself for election by the Shareholders.

Details of Mr Nicklin's skills and experience are contained in the Annual Report.

Resolution 3- Issue of Shares

Background

On 17 September 2014 Stream Group Limited, through its wholly owned subsidiary, entered into an agreement to acquire the balance of the issued capital of Melbourne Technology Group Pty Ltd, trading as National Insurance Replacement Services (**NIRS**) not already held by Stream Group Limited.

NIRS is a national provider of innovative contents validation and fulfilment services to insurers and claims handlers. The acquisition aligns with Stream's strategy by broadening capability, increasing the number of insurance customers and adding revenue of \$6-7 million on an annualised basis. The acquisition is forecast to be earnings accretive in FY15.

The agreement provides that Stream will effectively acquire 60% of NIRS for \$799,999 with consideration solely in the form of a total of 3,547,668 new ordinary fully paid shares in Stream Group Limited issued to the vendors at a deemed value of \$0.2255 per share.

These shares will be subject to voluntary escrow until 11 November 2015.

The vendors will also receive an additional cumulative total of 452,332 ordinary fully paid shares at \$0.2255 per share subject to the FY15 EBIT (Earnings Before Interest and Tax) of the NIRS business being at least \$200,000 (Earn-Out Shares).

The Earn-Out Shares will be issued in on or about 30 September 2015 if the EBIT target is met.

If Resolution 3 is passed, completion of the acquisition will occur immediately following the close of the AGM.

Listing Rules

Listing Rule 7.1 permits the Company to issue or agree to issue, in general terms, 15% of its issue capital in any 12-month period without shareholder approval.

The Company has capacity under Listing Rule 7.1 to issue, and to agree to issue the ordinary fully paid shares for the acquisition of NIRS including the Earn Out Shares but is seeking approval for the issue of the 3,547,668 ordinary fully paid shares under Listing Rule 7.1.

NOTICE OF ANNUAL GENERAL MEETING 2014

EXPLANATORY STATEMENT

Stream Group Limited is not seeking approval for the issue of the Earn Out Shares as, if issued, the issue date will be more than 3 months after the date of the AGM and approval cannot be obtained for an issue more than 3 months after the date of Shareholder approval.

ASX Requirements

Stream Group Limited provides the following information as required under Listing Rule 7.3:

- The maximum number of securities that may be issued is 3,547,668 ordinary fully paid shares.
- The securities will be issued on 10 November 2014.
- The issue price of the securities is \$0.2255 per ordinary fully paid share.
- The securities will be issued to Ezio Dall'olio ATF to Dall'olio Family Trust, Geoffrey Daniel ATF The Daniel Family Trust, Pontin Court Pty Ltd (ACN 112 123 609) ATF The Pontin Court Investment Trust and Gregory Dixon ATF The Dixon Family Trust.
- The securities will be ordinary fully paid shares in the capital of Stream Group Limited.
- No funds will be raised by the issue of the securities.

Resolution 4 and 5- Issue of Performance Shares

Background

Stream Group Limited holds 39% of the issued capital of Cerno Ltd.

The Company disclosed at page 37 of the Replacement Prospectus issued by the Company on 7 March 2014 that:

“Stream may seek, subject the necessary consents and agreement of the individual Cerno Ltd shareholders, to acquire 100% of Cerno Ltd or its business in the near future.”

The Board of Stream Group Limited have determined that they wish to utilise Performance Shares as consideration for the acquisition of:

- (a) the equity in Cerno Ltd held by non related parties of the Company (**Third Party Cerno Shareholders**); and,
- (b) in addition to the ordinary fully paid shares the subject of Resolution 6, \$2,050,000 of outstanding unsecured loans by Third Party Cerno Shareholders to Cerno Ltd (**Third Party Cerno Shareholders' Debt**).

Proposed Terms of Performance Shares

There will be two classes of Performance Shares (collectively, **Performance Shares**).

Class A will be issued as consideration for the acquisition 61% of the issued capital of Cerno Ltd (**Class A Performance Shares**). Class B will be issued as consideration for the acquisition of the Third Party Cerno Shareholder Debt (**Class B Performance Shares**).

None of the Third Party Cerno Shareholders are a related party of the Company or an employee of the Company.

The consideration for the Performance Shares will consist solely of Cerno Ltd ordinary fully paid shares in respect to Class A Performance Shares, and the Third Party Shareholders' Debt in respect to the Class B Performance Shares.

NOTICE OF ANNUAL GENERAL MEETING 2014

EXPLANATORY STATEMENT

Both Class A Performance Shares and Class B Performance Shares include a performance milestone that must be reached before the Performance Shares may convert to ordinary fully paid shares in Stream Group Limited. The performance milestone is Performance Revenue of \$21,500,000.

Performance Revenue = Australian revenue from Cerno Ltd and Stream excluding revenue from:

- the RACQ contract
- NIRS business
- Xactware contract
- QuSol product
- Stream Connect product.

In general terms, once the Performance Milestone is achieved, the Performance Shares will convert in proportion to the amount that the Performance Revenue exceeds the Performance Milestone. The formula for the conversion is contained in Annexure A.

The Performance Shares convert to ordinary fully paid shares to a maximum ratio of 1 for 1 and ordinary fully paid shares issued on conversion will be subject to escrow for 12 months from the date of issue. If the Performance Milestone is not achieved, the Performance Shares will not convert and will be automatically redeemed by the Company at \$0.001 per Performance Share at the expiry date resulting in a total payment by the Company of approximately \$9,000.

The Performance Revenue includes revenue from the Company's existing business and is not limited to revenue from the Cerno Ltd business. The Company has made adjustments to the Performance Revenue to create a measure that the directors believe:

- Will equate to the additional revenue contributed by Cerno Ltd;
- Provides a more transparent milestone for investors; and,
- Avoids the administrative costs and operational inefficiencies of quarantining the Cerno Ltd business for the period of Performance Shares.

Listing Rules

Listing Rule 7.1 permits the Company to issue or agree to issue, in general terms, 15% of its issue capital in any 12-month period without shareholder approval.

The Company has capacity under Listing Rule 7.1 to issue, and to agree to issue the Performance Shares. It is seeking approval under Listing Rule 7.1 to ensure that the issue of Performance Shares does not reduce the Company's capacity under Listing Rule 7.1 and pursuant to Listing Rule 7.2 Exception 4, that the issue of ordinary fully paid shares on the conversion of the Performance Shares will not reduce the Company's capacity under Listing Rule 7.1.

Listing Rule 6.1 requires that the terms of the Company's equity securities must be appropriate and equitable in order to protect the interests of investors and the integrity of the market. The Company has obtained a confirmation from ASX Limited that the Performance Shares satisfy Listing Rule 6.1 but ASX Limited has directed as a condition to that confirmation that shareholder approval be obtained for the issue of the Performance Shares.

ASX Requirements

Stream Group Limited provides the following information as required under Listing Rule 7.3 and the confirmation provided by ASX Limited:

- The maximum number of securities that may be issued is 6,174,390 Class A Performance Shares and 3,181,818 Class B Performance Shares.

NOTICE OF ANNUAL GENERAL MEETING 2014 EXPLANATORY STATEMENT

- The securities will be issued no later than 3 months from the date of the 2014 Annual General Meeting.
- The Performance Shares do not have an issue price. The Performance Shares will convert to Ordinary Fully Paid Shares at the volume weighted average price for Stream Group Limited shares for the 10 trading days up to 30 September in the year of the conversion.
- The Performance Shares will be issued to the Third Party Cerno Shareholders. No Performance Shares will be issued to a Related Party of the Company.
- Set out in Annexure A are the terms and conditions of the Performance Shares.
- No funds will be raised by the issue of the securities. There is no expectation that the Third Party Cerno Shareholders' Debt will be repaid in whole or in part by Cerno Ltd once the debt is acquired by Stream Group Limited.

Variation of Class Rights

Stream Group Limited currently has only one class of shares on issue, ordinary fully paid shares. Pursuant to Section 246C(5) of the *Corporations Act 2001*, the creation of the Class A Performance Shares and Class B Performance Shares is a variation of the rights of the holders of the existing class of shares.

Article 32.5(a) of the Company's Constitution allows the Company to vary the rights of the existing class with the written consent of a majority of the holders of that class. Section 246B(1) of the *Corporations Act 2001* provides that if the Company's Constitution sets out the procedure for varying class rights, those rights may be varied only in accordance with that procedure.

The Company has obtained the written approval of a majority of the holders of ordinary fully paid shares to vary the class rights by the issue of the Performance Shares as required under Article 32.5(a) of the Company's Constitution.

Resolution 6- Issue of Ordinary Fully Paid Shares

Background

In addition to the Class B Performance Shares, the Company intends to offer Third Party Cerno Shareholders a cumulative total of 2,272,727 ordinary fully paid shares in the Company as part consideration for the acquisition of the Third Party Cerno Shareholders' Debt.

The ordinary fully paid shares will be subject to escrow for 12 months from the date of issue.

Listing Rules

Listing Rule 7.1 permits the Company to issue or agree to issue, in general terms, 15% of its issue capital in any 12-month period without shareholder approval.

The Company has capacity under Listing Rule 7.1 to issue, and to agree to issue the ordinary fully paid shares for the acquisition of the Third Party Cerno Shareholders' Debt but is seeking approval under Listing Rule 7.1 to ensure that the issue does not reduce the Company's capacity under Listing Rule 7.1.

ASX Requirements

Stream Group Limited provides the following information as required under Listing Rule 7.3:

- The maximum number of securities that may be issued is 2,272,727 ordinary fully paid shares.
- The securities will be issued no later than 3 months from the date of the 2014 Annual General Meeting.

- The issue price of the securities is \$0.2255.
- The securities will be issued to the Third Party Cerno Shareholders.
- The securities will be ordinary fully paid shares in the capital of Stream Group Limited.
- No funds will be raised by the issue of the securities. There is no expectation that the Third Party Cerno Shareholders' Debt will be repaid in whole or in part by Cerno Ltd once the debt is acquired by Stream Group Limited.

Resolution 7- Ratify Issue of Shares

Background

On 8 April 2014 Stream Group Limited issued 3,605,509 ordinary fully paid shares pursuant to the offer made under the Company's Replacement Prospectus dated 7 March 2014 (**Replacement Prospectus**).

Listing Rules

Listing Rule 7.1 permits the Company to issue or agree to issue, in general terms, 15% of its issued capital in any 12-month period without shareholder approval. Listing Rule 7.4 permits a Company to obtain subsequent approval of a share issue such that the issue will be treated as having been made with Shareholder approval for the purpose of Listing Rule 7.1.

In the absence of this resolution being passed, the Company's capacity under Listing Rule 7.1 will not be "refreshed" until 8 April 2015. This resolution is seeking approval under Listing Rule 7.4 to "refresh" the Company's Listing Rule 7.1 capacity effective from the date of the AGM in respect to the issue of a total of 3,605,509 ordinary fully paid shares that occurred on 8 April 2014.

ASX Requirements

Stream Group Limited provides the following information as required under Listing Rule 7.5:

- The Company issued 3,605,509 securities.
- The securities are ordinary fully paid shares.
- The securities were issued to persons who subscribed for the securities under the Company's Replacement Prospectus.
- Funds raised from the issue of securities were applied to the costs of the capital raising and working capital as described in the Replacement Prospectus.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of all Resolutions.

Subject to compliance with the Corporations Act, the chairman of the meeting intends to vote all undirected proxies in favour of the Resolutions.

NOTICE OF ANNUAL GENERAL MEETING 2014 EXPLANATORY STATEMENT

Annexure A

Terms of Performance Shares	Class A Performance Shares
Number of Performance Shares	6,174,390
Maximum conversion ratio	1 for 1
Performance Milestone and Performance Value	<p>The Class A Performance Shares have a performance threshold that must be achieved before any conversion may occur. The performance threshold is the achievement of Performance Revenue of \$21,500,000 in any financial year ending 30 June 2015 (FY15), 2016(FY16) or 2017(FY17) (Performance Milestone).</p> <p>The Performance Milestone must be achieved at least once in the period prior to the Expiry Date.</p> <p>For the first financial year in which the Performance Milestone is achieved the Company will calculate the performance value for that year (PV¹) in accordance with the following formula.</p> <p>$PV^1 = (35\% \text{ of the amount by which the Performance Milestone is exceeded} - BPV) \times 0.61$. BPV is defined under the Class B Performance Shares.</p> <p>For the financial years subsequent to the financial year in which the Performance Milestone is achieved, the performance value for that financial year (PV²) shall be calculated as follows:</p> <p>$PV^2 = (\text{Performance Revenue for the financial year} - \text{Performance Revenue for immediately preceding financial year}) \times 0.2135$</p>
Conversion	<p>Subject to the maximum conversion ratio of 1:1 (which applies cumulatively), each Class A Performance Share will convert in accordance with the following formula:</p> <p>Number of ordinary fully paid shares in Stream Group Limited = $(PV^1 \text{ or } PV^2 / VWAP) \div 6,174,390$</p> <p>VWAP = Volume Weighted Average Price for Stream Group Limited shares for the 10 trading days up to 30 September in the year of the conversion.</p>
Conversion Date	<p>The Company must test achievement of the Performance Milestone on or before 1 October in each year until achieved. Once the Performance Milestone is achieved the Company must then calculate the PV¹ for that year, and PV² for each subsequent year, on or before 1 October.</p> <p>The Conversion Date will be the next business day following the calculation of PV¹ or PV².</p>
Expiry Date	5.00pm on 2 October 2017. On the Expiry Date, Class A Performance Shares will be cancelled and will be automatically redeemed for \$0.001 per Class A Performance Share.
Transferability	Not transferable
Voting Rights	No rights to vote, subject to Corporations Act.
Copies of notices and Reports	Holders of Class A Performance Shares are entitled to receive copies of notices, reports and audited accounts and to attend general meetings.
Dividend Rights	No rights to dividends
Rights on Return of Capital	No rights to capital
Rights to participate in surplus profits of the entity on winding up	No rights to participate in surplus profit or assets of the entity on winding up.
Rights to participate in new issues such as bonus or entitlement issues	No rights to participate in new issues.
Conversion on Change of Control	No conversion on change or control.
Quotation	Not quoted.
Reconstructions	In the event of a reconstruction, consolidation or division of the Company's ordinary fully paid shares, the Class A Performance Shares shall be reconstructed, consolidated or divided in the same proportion as the Company's ordinary fully paid shares in a manner which will not result in any additional benefits being conferred on the holder of the Class A Performance Shares which are not conferred on the holders of ordinary fully paid shares.
Rounding	The conversion calculation for each holder of Class A Performance Shares shall be rounded up to the nearest whole share. The rounding is not applied to each Class A Performance Share.
No Consideration for Shares	There will be no consideration for the issue of the ordinary fully paid shares on conversion of the Class A Performance Shares.
Escrow	Ordinary fully paid shares issued on conversion of Class A Performance Shares will be subject to escrow for 12 months from the date of issue.

NOTICE OF ANNUAL GENERAL MEETING 2014

EXPLANATORY STATEMENT

Terms of Performance Shares	Class B Performance Shares
Number of Performance Shares	3,181,818
Maximum conversion ratio	1 for 1
Performance Milestone and Performance Value	<p>The Class B Performance Shares have a performance threshold that must be achieved before any conversion may occur. For the year ending 30 June 2015 Performance Revenue must be greater than \$21,500,000 for Class B Performance Shares to convert to ordinary shares (Performance Milestone).</p> <p>The lesser of \$717,500 or 35% of the amount by which the Performance Milestone is exceeded, will be allocated to the performance value (BPV).</p>
Conversion	<p>Subject to the maximum conversion ratio of 1:1, each Class B Performance Share will convert in accordance with the following formula:</p> <p>Number of ordinary fully paid shares in Stream Group Limited = $(BPV/VWAP) \div 3,181,818$</p> <p>VWAP = Volume Weighted Average Price for Stream Group Limited shares for the 10 trading days up to 30 September 2015.</p>
Conversion Date	<p>At any time after 30 September 2015 and before the Expiry Date upon determination by the Company, acting reasonably, that the Performance Milestone has been achieved. The Company must test achievement of the Performance Milestone and, if achieved, calculate the PV on or before 1 October 2015.</p> <p>The conversion date will be the next business day following the calculation of the PV.</p>
Expiry Date	On the earlier of 5.00pm on 1 October 2015 or the Conversion Date. On the Expiry Date, Class B Performance Shares will be cancelled and will be automatically redeemed for \$0.001 per Class B Performance Share.
Transferability	Not transferable
Voting Rights	No rights to vote, subject to Corporations Act.
Copies of notices and Reports	Holders of Class B Performance Shares are entitled to receive copies of notices, reports and audited accounts and to attend general meetings.
Dividend Rights	No rights to dividends
Rights on Return of Capital	No rights to capital
Rights to participate in surplus profit or assets of the entity on winding up	No rights to participate in surplus profit or assets of the entity on winding up.
Rights to participate in new issues such as bonus or entitlement issues	No rights to participate in new issues.
Conversion on Change of Control	No conversion on change of control.
Quotation	Not quoted.
Reconstructions	In the event of a reconstruction, consolidation or division of the Company's ordinary fully paid shares, the Class B Performance Shares shall be reconstructed, consolidated or divided in the same proportion as the Company's ordinary fully paid shares in a manner which will not result in any additional benefits being conferred on the holder of the Class B Performance Shares which are not conferred on the holders of ordinary fully paid shares.
Rounding	The conversion calculation for each holder of Class B Performance Shares shall be rounded up to the nearest whole share. The rounding is not applied to each Class B Performance Share.
No Consideration for Shares	There will be no consideration for the issue of the ordinary fully paid shares on conversion of the Class B Performance Shares.
Escrow	Ordinary fully paid shares issued on conversion of Class B Performance Shares will be subject to escrow for 12 months from the date of issue.



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

Form of Proxy

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

PLEASE NOTE: This proxy is solicited on behalf of the management of Stream Group Limited ABN 57 010 597 672 (the "Company") for use at the meeting of the shareholders of the Company to be held at Simpsons Solicitors, Level 2, Pier 8/9, 23 Hickson Road, Millers Point, NSW 2000 on xx November 2014 at 11.30am (AEDT) or any adjournment thereof (the "Meeting").

I/We being a member/s of Stream Group Limited hereby appoint

☐ **the Chairman of the meeting** **OR**

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

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

If the Chairman of the meeting is my proxy and I have not directed them how to vote, I expressly authorise them to vote as they determine regardless of whether the matter directly or indirectly relates to the remuneration of any key management personnel of the Company.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my total votes. My total voting right is _____ shares.

PLEASE NOTE: If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, management knows of no such amendment, variation or other matter.

STEP 2 Items of Business

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

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

	FOR	AGAINST	ABSTAIN
Resolution 1: To adopt the Remuneration Report for year ended 30 June 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: To elect Tony Nicklin as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: To approve the Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: To approve the Issue of Class A Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: To approve the Issue of Class B Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: To approve the Issue of Ordinary Fully Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7: To ratify issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no choice is specified, the shareholder is conferring discretionary authority on the proxy to vote at his or her discretion.

SIGN Signing by member

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

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary

Member 3 (if joint holding)

Director

/ /

Date



ABN 57 010 597 672

Lodge your vote:



By Mail:

Advanced Share Registry Limited
PO Box 1156
Nedlands WA 6909

Alternatively you can fax your form to
(Within Australia) (08) 9262 3723
(Outside Australia) +618 9262 3723

For all enquiries call:

Telephone:
(Within Australia) (08) 9389 8033
(Outside Australia) +618 9389 8033
Email: admin@advancedshare.com.au

Proxy Form

Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name that appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:
Shareholders must deliver their proxies prior to 8 November 2014 at 10.00am (AEDT) by mail to PO Box 1156, Nedlands, 6909, Western Australia or by facsimile at (08) 9262 3723 or deliver to the Share Registry of the Company at 110 Stirling Hwy, Nedlands, Western Australia, 6009.
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 8 November 2014 at 10.00am (AEDT) will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by management of the Company.
11. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

Turn over to complete the form →



CHECK OUT OUR WEBSITE at
www.advancedshare.com.au

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