



MaxSec Group Limited
ABN 89 000 029 265

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2:00pm (Sydney time) Wednesday 19 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate 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 (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Maxsec Group Limited to be held at North Shore Corporate Centre, 810 Pacific Highway, Gordon NSW 2072 on Friday 21 November 2014 at 2:00pm (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items D, F, G, H & I** (except where I/we have indicated a different voting intention below) even though **Items D, F, G, H & I** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items D, F, G, H & I** by marking the appropriate box in step 2 below.

STEP 2 Items of Business



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

ORDINARY BUSINESS

D Remuneration Report

E Re-election of Mr Robert Broomfield as a Director

F Employee Share Option Plan

G Issue of Options to Executive Director Mr Geoffrey Cleaves under Employee Share Option Plan

H Issue of Options to Non-Executive Director Mr Robert Broomfield under Employee Share Option Plan

I Issue of Options to Non-Executive Director Mr Johan Landsberg under Employee Share Option Plan

J Ratification of previous issue of shares

K Proposed issue of shares under private placement

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /



NOTICE OF ANNUAL GENERAL MEETING

MaxSec Group Limited (MSP)

ABN 89 000 029 265

The MSP Annual General Meeting will be held at the North Shore Corporate Centre, 810 Pacific Highway, Gordon NSW 2072 on Friday 21 November, 2014 at 2:00pm (Sydney time).

Agenda

Ordinary Business

A. Chairman's Welcome and Address

B. CEO's Report

C. Financial Statements and Reports

To receive and consider the Financial Statements, the Directors' Statement and the Reports of the Directors and the Auditor for the year ended 30 June, 2014.

Note: There is no requirement for shareholders to approve these reports

D. Remuneration Report

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

- That the Remuneration Report for the year ended 30 June, 2014 be adopted.

Note: This resolution is advisory only and does not bind the directors or the Company. A voting exclusion statement applies to this resolution. Please refer to Explanatory Notes of this Notice titled "Voting Exclusion Statement".

E. Re-election of Director

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

- That Mr Robert Broomfield a director retiring in accordance with Rule 10.3 of the Company's Constitution, and being eligible for re-election, is re-elected as a director of the Company.

F. Employee Share Option Plan

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

- That, for the purposes of ASX Listing Rule 7.2 and for all other purposes, approval is given for the adoption of and future issues under the MaxSec Group Limited Employee Share Option Plan as set out in the Explanatory Notes. The Employee Share Option Plan is a new equity incentive plan and no issues have been made under this plan to date.

Note: A voting exclusion statement applies to this resolution. Please refer to Explanatory Notes of this Notice titled "Voting Exclusion Statement".

G. Issue of Options to Executive Director under Employee Share Option Plan

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

- That, for the purposes of ASX Listing Rule 7.1 and 10.14 and for all other purposes, approval is given pursuant to the MaxSec Group Limited Employee Share Option Plan as set out in the Explanatory Notes for the board of directors to grant options and to subscribe for fully paid ordinary shares following the valid exercise of any such options in the Company as follows:

Name	Position	Number	Estimated Value
Mr. Geoffrey Cleaves	Chief Executive Officer	5,000,000	\$5,000.00

In accordance with the MaxSec Group Limited Employee Share Option Plan Rules and subject to the conditions set out in the Explanatory Notes be approved.

H. Issue of Options to Non-Executive Director under Employee Share Option Plan

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

- That, for the purposes of ASX Listing Rule 7.1 and 10.14 and for all other purposes, approval is given pursuant to the MaxSec Group Limited Employee Share Option Plan as set out in the Explanatory Notes for the board of directors to grant options and to subscribe for fully paid ordinary shares following the valid exercise of any such options in the Company as follows:

Name	Position	Number	Estimated Value
Mr. Robert Broomfield	Chairman & Non-Executive Director	1,000,000	\$1,000.00

In accordance with the MaxSec Group Limited Employee Share Option Plan Rules and subject to the conditions set out in the Explanatory Notes be approved.

Note: A voting exclusion statement applies to this resolution. Please refer to Explanatory Notes of this Notice titled "Voting Exclusion Statement".

I. Issue of Options to Non- Executive Director under Employee Share Option Plan

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

- That, for the purposes of ASX Listing Rule 7.1 and 10.14 and for all other purposes, approval is given pursuant to the MaxSec Group Limited Employee Share Option Plan as set out in the Explanatory Notes for the board of directors to grant options and to subscribe for fully paid ordinary shares following the valid exercise of any such options in the Company as follows:

Name	Position	Number	Estimated Value
Mr. Johan Landsberg	Non-Executive Director	500,000	\$500.00

In accordance with the MaxSec Group Limited Employee Share Option Plan Rules and subject to the conditions set out in the Explanatory Notes be approved.

J. Ratification of previous issue of shares

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

- That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given to the previous issue and allotment of 20 million shares in the Company issued on 12 May 2014 for consideration of \$500,000 (at 2.5 cents per Share) to Cadence (90) Investments No.1 Pty. Limited, with the result of excluding those shares from the calculation of the number of securities that can be issued by the Company in a 12 month period within the 15% limit set out in ASX Listing Rule 7.1 as detailed in the Explanatory Notes.

Note: A voting exclusion statement applies to this resolution. Please refer to Explanatory Notes of this Notice titled "Voting Exclusion Statement".

K. Proposed issue of shares under private placement

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

- That for the purpose of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue and allotment via a private placement of up to 35 million fully paid ordinary Shares in the Company at an issue price of at least 2 cents each.

Note: A voting exclusion statement applies to this resolution. Please refer to Explanatory Notes of this Notice titled "Voting Exclusion Statement".

Other Ordinary Business

To deal with any other business that may be brought forward in accordance with the Company's Constitution and the Corporations Act.

Voting entitlements

For the purpose of voting at the Annual General Meeting, shareholders are those persons who are the registered holders of Company shares in the Share Register at 7pm (Sydney Time) Wednesday 19 November, 2014.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

A Proxy Form accompanies this notice of meeting. The Proxy Form must be received at least 48 hours before the start of the meeting and may be:-

- delivered to Computershare, the share register of the Company, located at Level 5, 115 Grenfell Street Adelaide SA 5000, or;
- posted to Computershare at GPO Box 242 Melbourne VIC 3001, or;
- sent by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555, or;
- delivered to the Company's registered office, located at Unit 29, 1 Talavera Road, North Ryde, NSW 2113, or;
- sent by facsimile to the Company on +61 2 8817 2811.

By order of the Board

Geoffrey J. Cleaves
Company Secretary

Explanatory Notes

Item A: Chairman's Welcome and Address

The Chairman will Welcome and Address Shareholders. After the address, questions from shareholders will be welcome.

Item B: CEO's Report

The CEO will address the meeting and discuss the performance and activities of the Company for the year ended 30 June, 2014. After the address, questions from shareholders will be welcome.

Item C: Financial Statements and Reports

The financial statements for the year ended 30 June, 2014 and the reports of the Directors and auditors will be laid before the meeting (as required by Section 317 of the Corporations Act). There is no requirement for a formal resolution on this item.

Item D: Remuneration Report

The Remuneration Report for the year ended 30 June, 2014 is set out in the Company's 2014 Annual Report. A copy of the 2014 Annual Report is available on the Company's website or on the ASX website www.asx.com.au under company announcements for MSP.

A resolution that the Remuneration Report will be put to a vote as an ordinary resolution (as required by Section 250R of the Corporations Act). The vote on this item is advisory only and does not bind the directors or the Company, however the Company will take the vote into consideration when reviewing the remuneration practices and policies.

The Chairman will allow a reasonable opportunity for shareholders to comment on and ask questions about the Remuneration Report at the meeting.

Under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be

held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election. The Company encourages all shareholders to cast their votes in respect of Item D (Remuneration Report).

Item E: Re-election of Director

Under Listing Rule 14.4 and the Company's Constitution, a director must not hold office (without re-election) past the third Annual General Meeting following the director's appointment or three years whichever is longer, and a director appointed to the Board by the directors since the last Annual General Meeting must not hold office (without election by shareholders) past the next Annual General Meeting following the director's appointment.

Mr Robert Broomfield was last elected at the 2012 Annual General Meeting, and will retire at the end of the meeting, and offer himself for re-election to the Board.

The re-election will be open for discussion as an item of business and voted on as an ordinary resolution.

The following director offers himself for re-election to the Board:

Mr Robert Broomfield

Mr. Broomfield is a seasoned business executive with more than 20 years of management experience including the past 8 years in senior positions within companies operating in the security industry.

Mr. Broomfield is currently CEO and Executive Director of security technology company, Future Fibre Technologies Pty. Limited (FFT), which has achieved significant success in the last 3 years under Rob's leadership and is now rated as the world's leading manufacturer of Fibre Optic based Intrusion Detection systems.

Prior to joining FFT, he was with Vision Systems Limited, where he served as General Manager of Asia Pacific for their Fire and Security systems.

In addition to his international sales and marketing success, Mr. Broomfield has extensive experience in operations management, including product engineering, procurement, manufacturing and operations. He has previously had 10 years' experience with IBM in Australia and the United States.

The Board (excluding Mr Broomfield) recommends the election of Mr Broomfield as a director of the Company.

Item F: Employee Share Option Plan

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities that the Company may issue to 15% of each class of securities within any 12 month period without shareholder approval. An exception to this rule is set out in ASX Listing Rule 7.2, exception 9, which provides that issues under an employee incentive scheme are exempt for a period of three years if shareholders approve, as proposed by Item F, the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. The MaxSec Group Limited Employee Share Option Plan is a new plan and no issues have been made under the plan.

The MaxSec Group Limited Employee Share Option Plan is proposed to incentivise key employees of the Company and to assist in aligning the interests of these key employees with those of the shareholders of the Company.

The number of shares that may be issued under the MaxSec Group limited Employee Share Option Plan is set with regards to the limits imposed by the Australian Securities and Investments Commission with regard to employee share scheme offers that have been made without a prospectus. Currently these limits on the number of Shares that may be issued when aggregated with the number of shares issued over the previous 5 years from Share issues under all employee share schemes established by the Company (including as a result of exercise of options granted during the previous 5 years under any such employee share scheme) must not exceed five (5) percent of the Shares on issue disregarding certain unregulated offers.

The terms and conditions of the MaxSec Group Limited Employee Share Option Plan are set out in full as an annexure to this Notice.

Item G, H, I: Issue of Options to Executive Director and Non-Executive Directors under Employee Share Option Plan

Assuming Item G if passed, shareholder approval is sought for the Executive Director and Non-Executive Directors listed below, pursuant to the MaxSec Limited Group Limited Employee Share Option Plan (the "Plan") to be granted options to subscribe for fully paid ordinary Shares in the Company to issue fully paid ordinary Shares following the valid exercise of any such options in the Company as follows:

Mr Geoffrey Cleaves	5,000,000 Options
Mr Robert Broomfield	1,000,000 Options
Mr Johan Landsberg	500,000 Options
Total	6,500,000 Options

In accordance with the MaxSec Group Limited Employee Share Option Plan terms and conditions, this grant is subject to the terms and conditions set out below.

Shareholder approval is required under ASX Listing Rule 10.14 because Messrs Cleaves, Broomfield and Landsberg are Directors of the Company. ASX Listing Rule 10.15A requires the following information to be disclosed on the Notice of Annual General Meeting in relation to the options which may be granted pursuant to the Plan:

The exercise price of the options will be \$0.025. The options are exercisable in two tranches, one half each of the total issue becoming exercisable on grant date plus 24 months and one becoming exercisable on the grant date plus 36 months, or where a special circumstance arises giving rise to an earlier exercise.

All options will lapse automatically if not exercised within 60 months after the grant of options. If approved, the options, up to the amount approved, will be issued within 180 days of the approval.

The value assessed for the options will be calculated independently at the time of the grant and the value will be expensed over the service period, in accordance with Australian Accounting Standard (AASB2).

For illustrative purposes only, if options were offered on 30 September, 2014 (effective valuation date) the options would have an estimated value as follows:

Assumed grant date for valuation purposes	30 September, 2014
MaxSec Group Limited strike price	\$0.011
Exercise Price	\$0.025
Risk free rate	3.28%
Estimated dividend yield	0.00%
Stock volatility	35.00%
Number of years	5 years

ASX Listing Rule 10.15A requires disclosure in relation to offers of options to Directors, including:

Options issued under the Plan will not be listed on the ASX;
Shares allocated under the Plan will be issued at consideration equal to the exercise price of \$0.025;
The Company will bear all costs associated with administration of the Plan;
No Director has previously received shares under the Plan;
A voting exclusion statement is attached;
Details of any options and/or Shares issued under the Plan will be published in each annual report of the Company relating to the period in which options or Shares have been issued, and that approval for the issue of options or Shares was obtained under ASX Listing Rule 10.14;
Any additional persons who become entitled to participate in the Plan after the resolution is approved who are not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14 or a waiver received.

Item J: Ratification of previous issue of shares

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue securities without obtaining prior shareholder approval if the result is that the amount of capital issued within the previous 12 months is greater than 15% of the total issued securities of the Company. Under ASX Listing Rule 7.4, an issue of securities will be treated as having been made with prior shareholder approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 (ie. exceed the 15% limit referred to in ASX Listing Rule 7.1) and holders of ordinary securities subsequently approve it.

The resolution pertaining to Item J of the Notice of Meeting seeks Shareholder approval under the provisions of ASX Listing Rule 7.4 to ratify the issue and allotment of Shares.

To enable Shareholders to ratify the previous issue and allotment of Shares within the prior 12 month period, the Directors provide the following information in accordance with ASX Listing Rule 7.5:

On 12 May 2014, a total of 20,000,000 Shares were issued pursuant to a private placement to Cadence (90) Investments No.1 Pty. Limited. The Shares were issued at 2.5 cents each to raise \$500,000 for the general working and operating capital needs of the Company.

The Shares are fully paid ordinary shares and rank pari passu with existing ordinary shares and have identical rights.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution so as to enable the Company at any time during the next 12 months to issue up to the full 15% limit referred to under ASX Listing Rule 7.1 without further reference to Shareholders and without the Shares described above counting towards the calculation.

The Directors do not believe that there are any disadvantages to the Shareholders which arise from a ratification of this issue of Shares and recommend that the ordinary resolution be approved.

Item K: Proposed issue of shares under private placement

The Company is seeking Shareholder approval under ASX Listing Rule 7.1 to issue and allot up to a further thirty five (35) million Shares at an issue price of not less than two (2) cents per Share within three (3) months of the AGM under the Private Placement.

Approval under the ASX Listing Rules

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period where the total number of securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue, except with the prior approval of members of the company in general meeting of the terms and conditions of the proposed issue.

Resolution K of the Notice of Meeting includes provision for Shareholders to approve the issue of Shares under the terms of the Private Placement, pursuant to ASX Listing Rule 7.1.

For the purposes of requirement for approval under ASX Listing Rule 7.1, the following additional information is provided:

- (a) the maximum number of securities to be issued is thirty five (35) million Shares;
- (b) the Shares, the subject of this resolution, will be issued and allotted within three (3) months of the AGM;
- (c) the Shares will be issued for no less than two (2) cents each;
- (d) the Shares issued under the Private Placement will be allotted to sophisticated and professional investors, at the discretion of the Company, taking into account the provisions of the ASX Listing Rules and the Corporations Act. The allottees will not be related parties of the Company;
- (e) the Shares will be fully paid ordinary shares and will rank pari passu with existing ordinary shares and have identical rights;
- (f) the Company will apply for the Shares to be quoted on ASX;
- (g) the funds raised under the Private Placement will be used to provide short term working capital assistance to strengthen the financial position of

MSP's current operating business and to give the Company additional capital flexibility, including for the potential repayment of Company debt; and

(h) a voting exclusion statement is included in the Explanatory Notes.

The Directors unanimously recommend that Shareholders vote in favour of the ordinary resolution. In making their recommendation, the Directors advise Shareholders to read these Explanatory Notes in their entirety.

Voting Exclusion Statement

MaxSec Group Limited shall disregard any votes cast in respect of Items D, E, F, G, H & I by key management personnel or their closely related parties (or any person voting on their behalf).

However, the Company will not disregard a vote on Items D, E, F, G, H & I if:

- ◆ it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- ◆ it is cast by the Chairman of the meeting as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- ◆ it is cast by the Chairman as proxy for a person who is permitted to vote, and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of key management personnel of the Company.

Voting Exclusion Statement in accordance with listing rule 7.5.6 for resolutions Item J:

The entity will disregard any votes cast on a resolution by:

- ◆ a person who participated in the issue; and
- ◆ an associate of that person (or those persons).

However, the entity 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 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 Exclusion Statement in accordance with listing rule 7.3.8 for resolution Item K

The entity will disregard any votes cast on a resolution 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 of a holder of ordinary securities, if the resolution is passed; and
- ◆ an associate of that person (or those persons).

However, the entity 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 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.

Undirected Proxies

If the Chairman is appointed as a proxy, they are not permitted to vote undirected proxies on various matters, including some remuneration matters and related party matters, unless express authority to do so is given by the appointing shareholder. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

Glossary

- ◆ Company means MaxSec Group Limited,
- ◆ Computershare means Computershare Investor Services Pty. Limited which manages the Company's Share Registry,
- ◆ Corporations Act means the Corporation Act 2001 (Commonwealth),
- ◆ Key Management Personnel of MaxSec Group Limited are the directors of MSP and other persons having authority and responsibility for planning, directing and controlling the activities of MSP, directly or indirectly and whose remuneration is included in the Remuneration Report. The Remuneration Report identifies MSP's key management personnel for the financial year to 30 June, 2014. Their closely related parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control,
- ◆ Share(s) means ordinary shares in the share capital of the Company,
- ◆ Remuneration Report means the Remuneration Report which forms part of the Directors' Report of the Company for the year ended 30 June, 2014 as set out in the Company's 2014 Annual Report.

**MaxSec Group Limited
ACN 000 029 265**

**Employee Share Option Plan
Terms and Conditions**

1 The Share Option Plan

- 1.1 The Company has implemented a plan to enable Employees to acquire Options subject to these terms and conditions.
- 1.2 The number of Options that may be issued under this plan must not exceed the level set out in clause 13.

2 Definitions and Interpretations

- 2.1 In these Terms and Conditions unless the contrary appears:
 - 2.1.1 "Board" means the board of directors of the Company.
 - 2.1.2 "Change of Control" means if Company's equity register changes such that any one shareholder of the Company acquires more than 60% of the fully diluted capital of the Company.
 - 2.1.3 "Company" means MaxSec Group Limited (ABN 89 000 029 265).
 - 2.1.4 "Employee" means a person who is either a full time or a part time Employee of the Company and in receipt of a salary from the Company.
 - 2.1.5 "Exercise Price" means the price paid by the Option Holder to exercise the Option as determined under clause 5.5.
 - 2.1.6 "Issue Price" means the price paid for an Option as determined under clause 5.5.
 - 2.1.7 "Listing Rules" means the listing rules of the Australian Securities Exchange, as amended from time to time.
 - 2.1.8 "Option" bears the meaning ascribed in clause 5.2 of these Terms and Conditions.
 - 2.1.9 "Option Holder" means a person holding an Option issued pursuant to these Terms and Conditions.
 - 2.1.10 "Qualifying Period" means the period of employment enabling an Employee to participate in the Option plan referred to clause 3 of these Terms and Conditions.
 - 2.1.11 "Share" means a fully paid ordinary share in the capital of the Company.
 - 2.1.12 "Terms of Issue" means the terms and conditions attached to an Offer as determined by the Board in its sole discretion from time to time.
 - 2.1.13 "Vesting Date" means the date on which an Option becomes exercisable as set out in the Terms of Issue.
- 2.2 In these Terms and Conditions unless the context otherwise requires:
 - 2.2.1 Words importing the singular include the plural and vice versa.
 - 2.2.2 Words importing one gender include the other genders.
 - 2.2.3 A reference to a clause is a reference to a clause in these terms and conditions.
 - 2.2.4 A reference to writing includes all means of reproducing words in a tangible and permanently visible form.
 - 2.2.5 The headings do not affect interpretation.
 - 2.2.6 This plan is subject to the Listing Rules.

MaxSec Group Limited
ACN 000 029 265

3 Eligibility Qualifying Period

All Employees shall be eligible to participate in the Option plan after one continuous year of employment. Both full time and part time Employees are eligible.

4 Offer of Options

- 4.1 After the qualifying period the Company may as determined in the absolute discretion of the Board offer Options to any Employee in any one year based on such criteria as described in clause 4.3 and on such terms of issue as the Board may determine from time to time.
- 4.2 The Company may as determined in the absolute discretion of the Board offer bonus Options to any Employee in any one year based on such criteria and on such terms of issue as the Board may determine from time to time.
- 4.3 The Board may consider the following criteria in determining the number and terms of issue of Options:
 - 4.3.1 Employee individual performance against individual performance indicators as assessed and reported by management to the Board
 - 4.3.2 Overall Company performance against milestones as assessed by the Board.
- 4.4 The Options will not be quoted on the ASX.

5 Options and Issue of Options

- 5.1 An offer of Options will be made by letter enclosing an application form (**Offer Letter**) and also enclosing a copy of these Terms and Conditions.
- 5.2 Each Option will enable the holder to acquire upon exercise one Share at the Exercise Price specified in the Offer Letter during the time available for exercise and subject to the conditions of exercise.
- 5.3 If an Employee wishes to subscribe for Options he or she must complete the application form issued together with the Offer Letter. The Employee must specify the number of Options to be acquired and must return the form to the Company together with payment of the Issue Price.
- 5.4 Unless otherwise provided in these Terms and Conditions the Issue Price paid for the Options is non-refundable.
- 5.5 The Issue Price and the Exercise Price will be specified in the Offer Letter.
- 5.6 Subject to clause 5.7, the Exercise Price will be determined by the Board in its absolute discretion.
- 5.7 In no circumstances may the Exercise Price be less than AU\$0.025

6 Conditions as to Exercise of Option

- 6.1 An Option may not be exercised until it is vested.
- 6.2 Vesting conditions will be determined by the Board and stipulated in the Offer Letter.
- 6.3 Once an Option becomes exercisable it shall remain open to be exercised for a period of five years thereafter. Failure to exercise within this period will mean that the Option lapses absolutely.
- 6.4 In the event that an Option Holder has their employment terminated then:
 - 6.4.1 If the employment is terminated by the Company for misconduct by the Option Holder or because of a breach by the Option Holder of the conditions of employment then the Options will lapse immediately;
 - 6.4.2 If the employment is terminated for reasons other than misconduct or breach the Options lapse at the expiration of three months from the date of termination. Upon such Options lapsing, the Company shall refund the Issue Price to the Option Holder.

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6.4.3 If the Option Holder dies the Options shall vest in the Option Holders legal personal representative and he or she or the next of kin of the Option Holder will be entitled to the benefit of the Option.

6.5 An Option may be exercised by notice in writing to be delivered to the Secretary of the Company during the period specified in clause 6.3 above together with the payment of the Exercise Price.

6.5.1 Upon receipt of a valid exercise of Options the Company will allot one Share for each Option exercised to the person exercising the Option not more than fourteen (14) days after receipt of the exercise of Option.

7 Rights of Shareholders

7.1 A Share issued following the exercise of any Option will rank equally in all respects with the Shares.

7.2 The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules.

8 Participation in new issues and reorganisation

8.1 Option Holders may participate in all new issues or bonus issues of Shares only to the extent that the Options held are or have been exercised. Option Holders will be given a period of at least ten (10) business days prior to and inclusive of the books closing date to determine entitlements to the issues.

8.2 Subject to clause 8.3, in the event of a reorganisation of capital (including consolidation, subdivision, reduction or return of the issued capital of the Company), the number of Options and the Exercise Price of the Options will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any detriment to the Option Holders or any benefits which are not conferred on members of the Company (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of members of the Company approving the reconstruction of capital) but in all other respects the terms for the exercise of the Options remain unchanged.

8.3 Any reconstruction or reorganisation of capital must comply with the Listing Rules. The rights of an Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

9 Incapacity of Option Holder

If an Option Holder becomes insolvent or is physically or mentally incapable (as a matter of law) to deal with his or her estate then his or her trustee, administrator or other person entitled at law to deal with his or her estate may stand in the same position as the Employee with regard to the Options and these Terms and Conditions shall apply to the Options as if the trustee, administrator or such other person were the Option Holder.

10 Dealing with Options

10.1 Except as expressly provided by these Terms and Conditions an Option Holder must not sell, transfer, assign, mortgage, pledge or otherwise deal with any Options.

10.2 Employees must have regard to the Company's security trading policy when dealing with the Shares.

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11 Terms and Conditions to apply

All Options are subject to these Terms and Conditions and the submission of an application to acquire Options by an Employee shall constitute the Employee's agreement with the Company to be bound by these Terms and Conditions.

12 Amendment to Terms and Conditions

Subject to the Listing Rules, these Terms and Conditions may be amended at any time by the Company provided that such amendment shall not apply to any Options issued prior to the date of amendment unless the Option Holder agrees.

13 Limit on number of Options issued

13.1 The number of Options that may be issued under this plan, when aggregated with:

- 13.1.1 the number of Shares issued (or which might be issued pursuant to the exercise of an Option) under an Offer;
- 13.1.2 the number of Shares that would be issued if offers under this plan were accepted or if the Options over the shares were exercised; and
- 13.1.3 the number of Shares issued during the previous 5 years under any employee share scheme or employee share option plan, but excluding:
 - 13.1.4 offers made to persons who were not Australian residents at the time of the offer;
 - 13.1.5 "excluded offers" or "excluded invitations" (as defined under Section 66(3) of the Corporations Act;
 - 13.1.6 offers that do not need disclosure because of Section 708 of the Corporations Act; and
 - 13.1.7 options over Shares where the option has expired.

must not exceed 5% of the total number of issued Shares as at the time the offer of Options is made.

14 ASIC requirements

The Company must use its reasonable endeavours to satisfy the conditions imposed by the Australian Securities and Investments Commission from time to time in a class order or exemption from or modification to the requirements of the Corporations Act 2001 relieving the Company from the obligation to lodge a prospectus when offering Options under this plan.

