



## NOTICE OF ANNUAL GENERAL MEETING

to be held at 10.00am

25 November 2014

at

Level 11  
66 Eagle Street  
Brisbane QLD 4000

# NOTICE OF ANNUAL GENERAL MEETING 2014

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Notice is given that the Annual General Meeting of Diversa Limited ABN 60 079 201 835 (**Company**) will be held on Tuesday, 25 November 2014 at 10.00am at McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland, 4000.

The business to be considered at the Meeting is set out below.

## ORDINARY BUSINESS

### Item 1 – Accounts and Reports

To receive and consider the Annual Report and the financial statements of the Company and its controlled entities for the financial year ended 30 June 2014 together with the related Directors' Report, Directors' Declaration and Auditor's Report.

### Resolution 1 – Remuneration Report

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

'That the Remuneration Report for the year ended 30 June 2014 is approved for the purposes of the Corporations Act.'

**Note:** This resolution will be determined under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors or the Company. 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.

### Resolution 2 – Re-election of Mr Stuart Korchinski as Director

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

'That Mr Stuart Korchinski who, in accordance with Listing Rule 14.4 and rule 16.1 of the Company's Constitution retires by rotation and being eligible, offers himself for re-election, be re-elected as a Director.'

**Note:** Information about Mr Stuart Korchinski appears in the Explanatory Memorandum accompanying this Notice of Meeting.

### Resolution 3 – Re-election of Mr Matthew Morgan as Director

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

'That, Mr Matthew Morgan who in accordance with Listing Rule 14.4 and rule 16.1 of the Company's Constitution retires by rotation and being eligible, offers himself for re-election, be re-elected as a Director.'

**Note:** Information about Mr Matthew Morgan appears in the Explanatory Memorandum accompanying this Notice of Meeting.

## SPECIAL BUSINESS

### Resolution 4 – Ratification and approval of previous issue of Shares under the Placement

To consider and, if in favour, to pass the following as an ordinary resolution:

'That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 112,519,020 shares at an issue price of \$0.027 per share (67,157,412 issued under Listing Rule 7.1 and (45,361,608 under Listing Rule 7.1A)), issued by the Company under a placement to professional and sophisticated investors as detailed in the Explanatory Memorandum.'

### Resolution 5 – Approval of additional capacity to Issue Shares under Listing Rule 7.1A

To consider and, if in favour, to pass the following as a special resolution:

'For the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities under Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Memorandum.'

## NOTICE OF ANNUAL GENERAL MEETING 2014

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### **Resolution 6 - Approval of Share Consolidation**

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

'That pursuant to section 254H(1) of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated through the conversion of every 15 Shares held by a Shareholder into one Share with any resulting fractions of a Share rounded to the next whole number of Shares, with consolidation to take effect in accordance with the timetable set out in the Explanatory Memorandum.'

### **Resolution 7 - Approval of Performance Rights Plan**

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

'That the issue of securities in the Company under the Performance Rights Plan, a summary of which is set out in the Explanatory Memorandum, be approved for the purposes of Listing Rule 7.2 exception 9.'

By Order of the Board

Angus Craig  
Company Secretary  
20 October 2014

## NOTICE OF ANNUAL GENERAL MEETING 2014

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### Other Information

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Certain terms used in the Notice of Meeting are defined in the Glossary contained in that Explanatory Memorandum.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their professional adviser.

### Notes

Subject to the Corporations Act, including sections 250R and 250BD, a member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy. The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached proxy form**.

To be effective, the instrument appointing a proxy (and the original power of attorney, if any, under which it is signed or a certified copy) must be received no later than 10.00am on 23 November 2014 (48 hours before the time of the meeting). Documents may be lodged electronically, in person, by mail or by fax as follows:

- Online:** [www.investorcentre.linkmarketservices.com.au](http://www.investorcentre.linkmarketservices.com.au) Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Security holders will need their "Holder Identifier" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).
- In person:**
- |                   |  |
|-------------------|--|
| Registered Office | Diversa Limited<br>Level 9<br>Waterfront Place<br>1 Eagle Street<br>BRISBANE QLD 4000<br>AUSTRALIA |
| Share Registry    | Link Market Services Limited<br>Level 15<br>324 Queen Street<br>BRISBANE QLD 4000<br>AUSTRALIA     |
- By mail:**
- |                |  |
|----------------|--|
| Share Registry | Link Market Services Limited<br>Locked Bag A 14<br>SYDNEY SOUTH NSW 1235 |
|----------------|--|
- By fax:** +61 2 9287 0309

Any proxy form received after this deadline including at the meeting will be treated as invalid.

If you appoint a proxy, you may still attend at the meeting. However, your proxy's rights to speak and vote at the meeting are suspended while you are present and, therefore, you will be asked to revoke your proxy upon registering your presence at the meeting. A corporation may elect to appoint a representative 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 prior to the meeting.

The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulation 2001 that for the purpose of voting at the meeting or adjourned meeting, Shares will be taken to be held by those persons recorded in the Company's register of members as at 7.00pm (Sydney time) on 23 November 2014.

If you have any queries on how to cast your votes then call the Company's share registry on (02) 8280 7454 during business hours.

## NOTICE OF ANNUAL GENERAL MEETING 2014

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### Voting Exclusion Statement

Under the Corporations Act and Listing Rule 14.11, the Company will disregard any votes cast on:

<b>Resolution 1</b>	by or on behalf of a member of key management personnel whose details are in the Remuneration Report or a closely related party of such a member unless: (a) the person does so as a proxy appointed under the voting form; and (b) the vote is not cast on behalf of a member of key management personnel or a closely related party of such a member.
<b>Resolutions 4</b>	by a person who participated in the issue and an associate of that person (or those persons).
<b>Resolution 5</b>	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 those persons.
<b>Resolution 7</b>	by a Director who is entitled to participate in any employee incentive scheme and an associate of that person (or those persons).

However, the Company need not disregard a vote 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 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 and the member who is entitled to vote has indicated on the proxy form that the Chairman may vote as a proxy in relation to each resolution to which the voting exclusion relates.

## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum forms part of the Notice of Annual General Meeting and has been prepared to assist Shareholders in considering the resolutions set out in the Notice of Meeting. It is an important document and should be read carefully in its entirety by all Shareholders in conjunction with the Notice of Meeting. Each Director has approved this Explanatory Memorandum and the dispatch of this document to Shareholders.

### Item 1 - Accounts and Reports

The Corporations Act requires that 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. Apart from the 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 Annual General Meeting 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:

- (a) the content of the Auditor's Report to be considered at the meeting; or
- (b) the conduct of the audit of the annual financial report to be considered at the meeting.

Any written questions should be submitted to the Company Secretary by no later than 5.00pm on 18 November 2014 at:

GPO Box 836  
BRISBANE QLD 4001  
Fax: +61 7 3211 8307  
Email: [mail@diversa.com.au](mailto:mail@diversa.com.au)

Please note that the Annual Report is sent only to Shareholders who have requested that a copy be sent to them, otherwise it is available on request from the Company or its share registry or may be viewed and downloaded at [www.diversa.com.au](http://www.diversa.com.au).

### Resolution 1 - Remuneration Report

This item provides an opportunity for Shareholders to ask questions and comment on the Remuneration Report included in the Annual Report 2014.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the vote. Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting. The vote on the proposed resolution is advisory only and will not bind the Directors or the Company.

The Remuneration Report sets out the remuneration policy for Diversa and its controlled entities and:

- (a) reports and explains the remuneration arrangements in place for executive directors, senior management and non executive directors;
- (b) explains Board policies in relation to the nature and value of remuneration paid to non executive directors, executives and senior managers; and
- (c) discusses the relationship between the Board policies and Diversa performance.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

### Directors' Recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

**Note:** If you appoint a director or member of the key management personnel as your proxy for this resolution you must direct your proxy how to vote, otherwise your vote will not be counted. Follow the instructions on the proxy form to direct your proxy how to vote.

### Resolution 2 - Re-election of Mr Stuart Korchinski as Director

Rule 16.1 of the Company's Constitution, consistent with Listing Rule 14.4, provides for the retirement of one third of the directors from office at each annual general meeting.

In accordance with the Constitution, Mr Stuart Korchinski retires as director and offers himself for re-election as a new director at this Annual General Meeting.

Stuart has significant experience in multiple sectors of the banking and finance industry including pension/superannuation, financial planning/advice, general and life insurance and IT services sectors. He was most recently the chief executive officer of CitiStreet Australia (a Citi and State Street joint venture). He

## EXPLANATORY MEMORANDUM

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previously held roles of managing director of KAZ Business Services Limited (including AAS) and chief general manager of Allianz's financial institution and direct insurance business, and is a chartered accountant (Canada).

Mr Korchinski was initially appointed as a non-executive director on 26 May 2009 and was managing director from 16 October 2009 to 23 September 2013.

### Directors' Recommendation

The Directors (with Mr Korchinski abstaining) unanimously recommend that Shareholders vote in favour of resolution 2.

### Resolution 3 - Re-election of Mr Matthew Morgan as Director

Rule 16.1 of the Company's Constitution, consistent with Listing Rule 14.4, provides for the retirement of one third of the directors from office at each annual general meeting.

In accordance with the Constitution, Mr Morgan retires as director and offers himself for re-election as a new director at this Annual General Meeting.

Mr Morgan is a co-founder of Diversa Group. He is a principal of Millers Point Company an advisory business that provides consulting services to emerging companies with high growth or turnaround objectives. Matthew has over 10 years of executive management experience in private equity funded portfolio companies and seven years as a venture capitalist at QIC. He is experienced in capital raising and mergers and acquisitions and is Australia's first Kauffman Fellow.

Mr Morgan's other current directorships include Bluechiip Limited (from February 2014) and Leaf Resources Limited (from July 2014).

Mr Morgan was appointed as a non-executive director on 2 July 2008 and was chairman from 2 July 2008 to 23 September 2013.

### Directors' Recommendation

The Directors (with Mr Morgan abstaining) unanimously recommend that Shareholders vote in favour of resolution 3.

### Resolution 4 - Ratification and Approval of Previous Issue of Shares under the Placement

On 3 July 2014 the Company announced that it had received firm commitments for a capital raising by way of the placement of up to 112,519,020 Shares at an issue price of \$0.027 per Share to professional and sophisticated investors raise a total of \$3,400,000 million (before costs) (Placement). The Shares were issued by the Company utilising part of its 15% placement capacity under Listing Rule 7.1 for the issue of 67,157,412 Shares and a further 45,361,608 Shares issued pursuant to Listing Rule 7.1A. The issue can be ratified under Listing Rule 7.4.

The Placement funds were used toward funding the acquisitions of The Trust Company (Superannuation) Limited (TTCSL) and Tranzact Financial Services Pty Limited (TFS) and to contribute to general working capital of the Company.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant to the Placement) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities at the commencement of that 12 month period.

Listing Rule 7.4 provides that where an entity ratifies an issue of securities, the issue will be treated as having been made with approval for the purposes of Listing Rule 7.1, thereby replenishing that entity's 15% capacity and enabling it to issue further securities up to that limit. Listing Rule 7.4 also provides that issues made with approval under Listing Rule 7.1A can be ratified under Listing Rule 7.4. Resolution 4 seeks Shareholder approval for the ratification of the issue of the 112,519,020 Shares under the Placement under Listing Rule 7.4.

For the purposes of Listing Rule 7.5 the Company provides the following information:

Total number of securities issued	112,519,020 Shares.
Issue price of the securities	\$0.027 per Share.
Terms of issue	The Shares rank equally with the existing Shares on issue.
Allottees	The allottees of the Shares are sophisticated and professional investors that are not related to the Company.
Intended use of funds	The funds raised from the issue of the Shares were used toward the acquisition of TTCSL and TFS and to contribute to working capital of the Company.

## EXPLANATORY MEMORANDUM

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### Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of resolution 4.

### Voting exclusion

The Company will disregard any votes cast on resolution 4 by:

- each sophisticated and professional investor to whom Shares were issued as contemplated by this resolution; and
- any associate of those persons.

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 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.

### Resolution 5 - Additional placement capacity

The Company's vision is to be a leading provider of products and services to the financial services industry specifically for the superannuation, insurance and funds management sectors. To date the Company has achieved growth largely through acquisition, and going forward will look to continue its growth organically and by acquisition where opportunities arise which are complimentary to its existing businesses and/or strengthen its existing businesses. It is likely that future acquisitions and/or growth may result in equity being issued as consideration for such acquisitions or to fund working capital to integrate businesses into the Group.

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. In accordance with Listing Rules 7.1A, eligible entities (companies that are outside the S&P/ASX 300 and that also have a market capitalisation of \$300 million or less) can issue a further 10% of share capital in 12 months on a non-pro rata basis. The Company is an eligible entity.

The number of equity securities which may be issued or the Company may agree to issue, under the approval sought by resolution 4 is calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
  - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
  - (iv) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating the Company's 15% placement capacity.*

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought. For the purposes of Listing Rule 7.3A the Company provides the following information:



<b>The minimum price at which the equity securities may be issued</b>	<p>The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <ul style="list-style-type: none"> <li>(a) the date on which the price at which the securities are to be issued is agreed; or</li> <li>(b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.</li> </ul>
<b>Risk of economic and voting dilution</b>	<p>An issue of Shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ul style="list-style-type: none"> <li>(a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and</li> <li>(b) the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date.</li> </ul> <p>In accordance with Listing Rule 7.3A.2 a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.</p>
<b>Date by which the Company may issue the securities</b>	<p>The period commencing on the date of the annual general meeting (to which this Notice relates) at which approval is obtained and expiring on the first to occur of the following:</p> <ul style="list-style-type: none"> <li>(a) the date which is 12 months after the date of the annual general meeting at which approval is obtained; and</li> <li>(b) the date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.</li> </ul> <p>The approval under Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rules 11.1.2 or 11.2.</p>
<b>Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration</b>	<p>In accordance with the Company's stated growth strategy, it is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards working capital and the possible partial funding of potential future acquisitions in line with the Company's stated growth strategy.</p> <p>The Company reserves the right to issue Shares for non-cash consideration, including for payment of service or consultancy fees and costs. In the event that the Company issues Shares for non-cash consideration, it will provide for release to the market at the relevant time a valuation of the non-cash consideration that demonstrates that the issue price of securities.</p>
<b>Details of the Company's allocation policy for issues under approval</b>	<p>The Company does not currently know the nature of the capital raising which may be conducted under Listing Rule 7.1A (if any). No allocation policy has therefore been determined. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to factors including but not limited to the following:</p> <ul style="list-style-type: none"> <li>(a) any alternative methods of raising funds that are available to the Company and the Company's determination regarding the best method for raising funds;</li> <li>(b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company;</li> <li>(c) the financial situation of the Company; and</li> <li>(d) advice from corporate, financial and broking advisers (if applicable).</li> </ul>
	<p>The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company. Consistent with prior capital raisings, the Company will consider the most timely and cost effective sources of capital to achieve its commercial objectives, as well as prioritising issues to parties which may assist in strengthening the Company's share register or market standing and hence deliver an increase in Share price.</p>
<b>Previous approvals under Listing Rule 7.1A</b>	<p>The Company sought and received approval under Listing Rule 7.1A at its last AGM.</p>

## EXPLANATORY MEMORANDUM

### Information under Listing Rule 7.3A.6(a):

The table below shows the total number of equity securities issued in the past 12 months preceding the date of this AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities on issue at the commencement of the 12 month period preceding the date of the AGM	470,829,768*
Equity securities issued during the 12 month period preceding the date of the AGM	269,683,072
Percentage of previous issues that represent the total number of equity securities on issue at commencement of 12 month period	57.28%

\* This is the number of equity securities (as defined in the Listing Rules) on issue on 3 October 2013, which includes 441,822,676 Shares, 13,166,666 options and 15,840,426 performance rights.

### Information under Listing Rule 7.3A.6(b)

The table in Schedule 1 sets out specific details for each issue of equity securities that has taken place in the 12 month period preceding the date of this AGM.

### Information under Listing Rule 7.3A.2

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0135 50% decrease in Issue Price	\$0.027 Issue Price	\$0.0405 50% increase in Issue Price
Current Variable A 734,624,893 Shares (as disclosed on 26 August 2014)	10% Voting Dilution	73,462,489 Shares	73,462,489 Shares	73,462,489 Shares
	Funds raised	\$991,743.60	\$1,983,487.22	\$2,975,230.81
50% increase in current Variable A 1,101,937,339 Shares	10% Voting Dilution	110,193,734 Shares	110,193,734 Shares	110,193,734 Shares
	Funds raised	\$1,487,615.40	\$2,975,230.81	\$4,462,846.23
100% increase in current Variable A 1,469,249,786 Shares	10% Voting Dilution	146,924,979 Shares	146,924,979 Shares	146,924,979 Shares
	Funds raised	\$1,983,487.22	\$3,966,974.43	\$5,950,461.64

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval.
- (ii) No options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

## EXPLANATORY MEMORANDUM

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- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Shares under Listing Rule 7.1A consists only of Shares. If the issue includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.027, being the closing price of Shares on 3 October 2014.
- (viii) The total number of Shares on issue as at the date of this Notice of Meeting is 734,624,893.

### Directors' Recommendation

The Directors recommend that you vote in favour of resolution 5.

### Voting Exclusion Statement

In accordance with Listing Rule 7.1A, no votes may be cast on resolution 5 (and any votes cast by such person will be disregarded) by a person who may participate in the proposed issue and a person who might obtain a benefit, except any benefit solely in the capacity of a holder of ordinary securities, if resolution 5 is passed, and an associate of that person.

Note: In accordance with Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

However, the Company will 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.

### Resolution 6 - Approval of Share Consolidation

The Company proposes to consolidate its share capital through the conversion of every 15 ordinary shares in the Company into one ordinary share in the Company (**Share Consolidation**).

Under section 254H(1) of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting. If the consolidation is approved, it is anticipated that trading in consolidated shares on a deferred basis will commence on 27 November 2014, with the consolidation taking effect from 2 December 2014 (or such other subsequent date as notified by the Company to the ASX), in accordance with the timetable in this Notice of Meeting.

### Reasons for Share Consolidation

The Company has a very large number of Shares on issue (currently over 700 million) due to equity-based capital raisings, acquisitions funded partially by the issue of securities and securities issued in lieu of directors fees. The number of shares is disproportionate to other comparable companies, so the Company proposes to reduce this number of Shares by way of the Share Consolidation.

### Effect of the Share Consolidation

#### *Shares*

If the Share Consolidation is approved by Shareholders, the number of Shares on issue will be reduced from 734,624,893 to approximately 48,874,992. As the Share Consolidation applies equally to all the Company's Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Company's shares (subject only to the rounding of fractional entitlements). It follows that the Share Consolidation will have no material effect on the percentage interest of individual shareholders of the Company.

Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not materially change, as a result of the Share Consolidation alone (other than minor changes as a result of rounding, and assuming no other market movements or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of Shares on issue.

#### *Options*

As at the date of this Notice of Meeting, the Company has unlisted Options on issue at an exercise price of \$0.107 on or before 31 October 2016 (**Options**) if Shareholders approve the Share Consolidation, the Options will be reorganised in accordance with the terms and conditions of the Options and Listing Rule 7.22.1 (as applicable) on

## EXPLANATORY MEMORANDUM

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the basis that the number of Options will be consolidated in the same ratio as the Share Consolidation and the exercise price is amended in inverse proportion to that ratio.

For example, a holding of 15,000 Options with an exercise price of \$0.107 each prior to the Share Consolidation would result in a holding of approximately 1,000 Options with an exercise price of \$1.605 each after the Share Consolidation.

After the Share Consolidation, there will be approximately 477,778 unlisted Options exercisable at \$1.605 each on or before December 2016.

### *Performance rights*

There are also 2,743,247 performance rights on issue as at the date of the Notice of Meeting (**Performance Rights**). The Company's intention is that the number of Performance Rights to which each participant is entitled will be consolidated in the same ratio as the Shares. Therefore, there will be 182,883 Performance Rights on issue following the Share Consolidation.

### *Fractional entitlements*

Where the Share Consolidation (and associated consolidation of the Options and Performance Rights) results in an entitlement to a fraction of a Share, Option or Performance Right (as applicable), that fraction will be rounded up to the nearest whole number of Shares, Options or Performance Rights.

### *Holding statements*

Taking effect from the date of the Share Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on post-Share Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Share Consolidation.

### **Taxation**

The Share Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Share Consolidation will be the sum of the cost bases of the original Shares pre-Share Consolidation. The acquisition date of Shares held after the Share Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Memorandum does not however consider tax implications in respect of the Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Share Consolidation.

### **Indicative timetable**

If approved by Shareholder, the proposed Share Consolidation will take effect on 2 December 2014. The following is an indicative timetable (subject to change) of the key events:

Key event	Indicative date
General meeting	25 November 2014
Notification to ASX that Share Consolidation is approved	25 November 2014
Last day of trading in pre-consolidation securities	26 November 2014
Trading in the consolidated securities on a deferred basis commences	27 November 2014
Last day to register transfers on a pre-consolidation basis	1 December 2014
Registration of securities on a post consolidation basis	2 December 2014
Dispatch of new holding statements Deferred settlement trading ends	8 December 2014
Normal trading starts	9 December 2014

### **Directors' Recommendation**

The Directors recommend that you vote in favour of resolution 6.

## Resolution 7 - Approval of Performance Rights Plan

Listing Rule 7.1 generally restricts listed companies from issuing more than 15% of their issued share capital in any 12 month period without shareholder approval. There are however, a number of exceptions to this restriction including Listing Rule 7.2, Exception 9(b).

Listing Rule 7.2, Exception 9(b) provides that Listing Rule 7.1 will not apply to an issue to a participant under an employee incentive scheme (e.g. the Performance Rights Plan), if within three years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule. The Performance Rights Plan was adopted by Shareholders at the Company's 2011 annual general meeting. Therefore, coverage under Listing Rule 7.2 Exception 9(b) will cease on 23 November 2014.

The Performance Rights Plan was initially approved by Shareholders in November 2011 for a period of three years for the purposes of the ASX Listing Rules as noted above. The purpose of this resolution is to 'refresh' this approval.

The Performance Rights Plan is intended to attract and retain staff, motivate employees to improve Company performance and align the interests of employees with those of the Company and its Shareholders. At the beginning of each financial year, the Company may award performance rights under the Performance Rights Plan to senior management employees as an incentive component of their remuneration package. The number of performance rights issued to the participating employees, and the conditions that must be met for those performance rights to vest, is to be determined by the Board each year. It is anticipated that senior executives and other employees will be given an opportunity to be awarded with performance rights (subject to vesting conditions) equal to an amount that is between 10% and 50% of the base salary of the relevant employee. It is proposed that for the performance rights to vest and have value in the hands of the employee, conditions will be imposed, including share price targets for the Company, the earnings of the Diversa Group and the revenue of the Diversa Group, together with individual key performance indicators, will need to be met.

The terms of the Performance Rights Plan are summarised in Schedule 2. For the purposes of Listing Rule 7.2, Exception 9(b), the number of securities that have been issued since the last approvals is as follows:

Year	ISSUED	MATTERS POST ISSUE			
	Performance Rights	Rights Cancelled (performance criteria not satisfied)	Rights Cancelled (vesting criteria not satisfied)	Rights exchanged into ordinary shares	Rights remaining on issue subject to vesting conditions
2011	6,175,442	(3,580,842)	(217,250)	(2,377,350)	Nil
2012	8,543,784	(5,776,496)	(511,475)	(1,735,506)	520,307
2013	13,958,677	(9,512,79)	Nil	(2,222,939)	2,222,939
2014	nil	n/a	n/a	n/a	n/a

If this resolution is passed, the Company will be able to issue entitlements to shares (performance rights) which are subject to vesting conditions under the performance rights to participants during the next three years which will be excluded from its capacity entitlement for the purposes of Listing Rule 7.1.

### Voting exclusion

The Company will disregard any votes cast on resolution 7 by:

- any director who is eligible to participate in any employee incentive plan; and
- an associate of those persons.

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 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.

### Directors' recommendation

The Directors unanimously recommend you vote in favour of this resolution.

## EXPLANATORY MEMORANDUM

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### GLOSSARY

**ASX** means ASX Limited ABN 98 008 624 691;

**Board** means the Board of directors of the Company;

**Company or Diversa** means Diversa Limited ACN 079 201 635;

**Constitution** means the constitution of the Company from time to time;

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

**Directors** means the directors of Diversa;

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice of Meeting;

**Group** means the Company and its subsidiaries;

**Listing Rules** means the listing rules of ASX;

**Meeting** means the annual general meeting of the Company the subject of this Notice of Annual General Meeting and **Annual General Meeting** or **AGM** has a corresponding meaning;

**Notice of Meeting** means the Notice of Annual General Meeting and attached Explanatory Memorandum;

**Performance Rights** means the performance rights in the Company on issue at the date of this Notice of Meeting issued under Diversa's performance rights plan,

**Performance Rights Plan** means the performance rights plan adopted by Shareholders at the 2011 annual general meeting and summarised in Schedule 2,

**Placement** means the capital raising undertaken by the Company for the issue of 112,519,020 Shares to institutional and professional investors as announced on 3 July 2014;

**Remuneration Report** means the remuneration report for contained in the Company's annual report for the financial year ended 30 June 2014;

**Shareholder** means a person who holds Shares;

**Share** means a fully paid ordinary share in the Company;

**Share Consolidation** means the consolidation of Shares on a 15 to 1 basis proposed by resolution 6,

**TTCSL** means The Trust Company (Superannuation) Limited ACN 006 421 638,

**TFS** means Tranzact Financial Services Pty Limited ACN 089 997 731, and

**VWAP** means the volume weighted average price of Shares as traded on ASX.

## Schedule 1

### Information under Listing Rule 7.3A.6(b)

The table below sets out specific details for each issue of equity securities that has taken place in the 12 month period preceding the date of this AGM.

Issue date	Number issued	Class Type <sup>1</sup>	Names of persons who received securities or basis on which persons were determined and purpose of issue	Price per Share	Discount to market <sup>2</sup>	Cash received <sup>3</sup>	Cash spent	Cash remaining	Non-cash consideration paid
26.08.14	163,249,977	Ord	The final number of new shares issued to existing investors who took up their entitlement under the pro rata rights issue announced on 30 July 2014 which was underwritten by Canaccord Genuity (Australia) Limited.	\$0.027	Nil	\$4,497,749	\$4,497,749	Nil	n/a
30.07.14	3,293,745	Ord	Shares issued to the following employees on exchange of performance rights which have met performance targets and vesting criteria - D Naunton, J Haymes, K Torwick R Chmielewski, R Good, S Duncan, V Parrott, A Craig, S Korchinski, K Clough, A Vries, A Cooper, D Caldwell-Smith, G Russell, B Cassidy, M Vial, C Wheeler.	\$0.03	Nil	Nil	n/a	n/a	Consideration was services - issued under employee incentive arrangements. Price calculated at time of issue of the performance rights with reference to market price at the time.
11.07.14	1,061,067	Ord	Shares issued to directors pursuant to Diversa Share Plan in lieu of cash for directors fees of the June quarter	\$0.03	Nil	Nil	n/a	n/a	Directors fees otherwise payable in cash \$31,832
09.07.14	112,519,020	Ord	Shares issued to professional and sophisticated investors under Placement to partially fund the acquisition of TTCSL and TFS	\$0.027	10%	\$3,038,013	\$3,038,013	Nil	n/a
05.05.14	783,333	Ord	Shares issued to directors pursuant to Diversa Share Plan to directors in lieu of cash fees otherwise payable	\$0.03	Nil	Nil	n/a	n/a	Directors fees otherwise payable in cash \$23,500

## EXPLANATORY MEMORANDUM

Issue date	Number issued	Class Type <sup>1</sup>	Names of persons who received securities or basis on which persons were determined and purpose of issue	Price per Share	Discount to market <sup>2</sup>	Cash received <sup>3</sup>	Cash spent	Cash remaining	Non-cash consideration paid
08.01.14	861,741	Ord	Shares issued to directors pursuant to Diversa Share Plan in lieu of cash fees otherwise payable	\$0.03	Nil	Nil	n/a	n/a	Directors fees otherwise payable in cash \$25,852
18.12.13	11,033,334	Ord	Shares issued to professional and sophisticated investors under placement announced on 25 September 2013 to raise capital to complete integration activities, drive growth initiatives and provide working capital	\$0.03	Nil	\$331,000	\$331,000	Nil	Nil
03.10.13	3,880,855	Ord	1,303,705 shares to directors pursuant to the Diversa Share Plan in lieu of cash fees otherwise payable 1,692,150 shares to the following employees on exchange of performance rights which have met performance targets and vesting criteria - D Naunton, G White, J Haymes, K Torwick R Chmielewski, R Good, S Duncan, V Parrott, A Craig, S Korchinski, K Clough, A de Vries, A Cooper, B Lopez, D Caldwell-Smith, G Russell, L Mua, M Vial, N Tcherevatenko	\$0.03	Nil	Nil	n/a	n/a	Directors fees otherwise payable in cash:\$39,111 Consideration for shares in exchange for performance rights were services - issued under employee incentive arrangements. Price calculated at time of issue of the performance rights with reference to market price at the time.

### Notes

#### 1 Terms of Shares

In the table above 'Ord' were issued on the following terms:

**Ord** - Shares issued which rank equally with all existing ordinary Shares then on issue.

#### 2 This is the discount to market at the time of announcing the relevant security issue



## Schedule 2

### Summary of Performance Rights Plan

The following is a summary of the key terms and conditions of the Performance Rights Plan to be approved by Shareholders for the purposes of Listing Rule 7.2 Exception 9(b) pursuant to resolution 7.

1. **Entitlement to participate:** The Board will determine in its discretion who is entitled to participate in the PRP and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
2. **Performance Rights:** Each Performance Right issued under the Performance Rights Plan is a right to be issued with or transferred a single Share subject to the performance right vesting upon the satisfaction of certain conditions, including relevant performance criteria and the participant's continuing employment with the Company.
3. **Performance Conditions** The Board will determine the conditions that must be satisfied by a participant before the performance right vests in the participant.
4. **Lapse and revocation:** An unvested performance right will lapse upon the happening of certain events, including:
  - (a) the performance right failing to vest before its expiry date;
  - (b) the participant ceasing to be an eligible employee;
  - (c) failure to meet the performance criteria set in respect of that performance right;
  - (d) the fifth anniversary of the grant date of the performance right; or
  - (e) the participant acting fraudulently or dishonestly or breaching its obligations to the Group.
5. **Exercise of Performance Right:** A participant may exercise a performance right that is entitled to be exercised by giving notice in the prescribed form to the Company Secretary. The Board may permit such number of performance rights to vest and consent to Shares being issued as it may determine from time to time in its absolute discretion despite the participant not satisfying all conditions relating to exercise of the Performance Rights. The vesting of a performance right may be subject to such conditions as the Board considers appropriate.
6. **Quotation:** The Company will apply for quotation of Shares issued under the Performance Rights Plan on ASX, provided that Shares of that class are listed on ASX at the relevant time.



By mail:  
Diversa Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Diversa Limited and entitled to attend and vote hereby appoint:

### STEP 1

### APPOINT A PROXY

☐

the Chairman  
of the Meeting  
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 25 November 2014 at Level 11, 66 Eagle Street, Brisbane QLD 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

### STEP 2

### VOTING DIRECTIONS

#### Resolutions

1 Remuneration Report

For Against Abstain\*

☐ ☐ ☐

2 Re-election of Mr Stuart Korchinski as Director

☐ ☐ ☐

3 Re-election of Mr Matthew Morgan as Director

☐ ☐ ☐

#### SPECIAL BUSINESS

4 Ratification and approval of previous issue of Shares under the Placement

☐ ☐ ☐

5 Approval of additional capacity to Issue Shares under Listing Rule 7.1A

For Against Abstain\*

☐ ☐ ☐

6 Approval of Share Consolidation

☐ ☐ ☐

7 Approval of Performance Rights Plan

☐ ☐ ☐

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

### STEP 3

### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

DVA PRX401R



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Sunday, 23 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE** > [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



**by mail:**

Diversa Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**