

27th July 2015

Notice to Optionholders

Dear Optionholder,

On the 20th January 2014 Cadence Capital Limited shareholders were issued a bonus option with a strike price of \$1.43 expiring on the 31st August 2015.

In accordance with the ASX Listing Rules, we would like to advise you of the following:

- Cadence Capital Limited Options (ASX Code: CDMO) expire on **31st August 2015**.
- The last date for payment for Option exercise is by 5.00pm AEST on 31st August 2015.
- If an Option holder does not elect to exercise or pay for their Options then they will **lapse and expire worthless**.
- CDMO will cease being quoted on the ASX at the close of trading on **24th August 2015**.
- The closing price of CDMO was \$0.014 on the 24th July 2015.
- The closing price of Cadence Capital Limited shares (ASX Code: CDM) was \$1.46 on the 24th July 2015.
- During the 3 months immediately before this notice, the highest price of CDM was \$1.475 (23rd July 2015) and lowest price was \$1.355 (9th June 2015).
- Each exercised option will convert into one fully paid ordinary share and rank equally with existing CDM shares.

All options exercised will be entitled to the anticipated **5.0 cents per share fully franked full year dividend and the 1.0 cents per share fully franked special dividend** announced on the 22nd July 2015.

This year's dividends will equate to a **7.5% fully franked yield (10.8% Gross)** based on the CDM share price as at Friday nights close.

Cadence Capital Limited produced an 11.42% gross return for the year outperforming the All Ordinaries Accumulation Index by 5.75%. Overseas investments contributed strongly to this outperformance and have enabled the payment of the special fully franked dividend.

As Chairman of Cadence Capital Limited **I intend to exercise my options.**

To exercise your Options wholly or in part, please complete and sign the Application Form attached and return it together with your payment.

Should you need any further information, please visit the [Cadence Options Webpage](#) or contact Boardroom on 1300 737 760.

Regards,



Karl Siegling
Chairman
Cadence Capital Limited

Application for Shares on Exercise of Options

Options exercisable at A\$1.43 expiring at 5.00pm (Sydney Time) on 31 August 2015

**Number of Options
Registered in your name:**

To be completed by Optionholder:

Number of Options being exercised:	Multiplied by the exercise price of A\$1.43	Amount Paid:
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Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Cadence Capital Ltd Share Registry. Payments cannot be made at any bank. Please tick the relevant box below to confirm your method of payment.

Payment Option 1 – BPAY ☐ (tick the relevant box)



Biller Code:

Ref:

Telephone & Internet Banking - BPAY®

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Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

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- **If paying by BPAY you must still return this exercise notice with your signature(s) below**
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

Payment Option 2 – Cheque (Record cheque details below) ☐ (tick the relevant box)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to “Cadence Capital Limited” and crossed Not Negotiable and should be attached to this form.
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

To the Directors

Cadence Capital Limited (**Company**)

I/We being the registered holders Options each to acquire one Fully Paid Ordinary Share in the Company hereby give notice of the exercise of Options and attach hereto my/our cheque payable to "**CADENCE CAPITAL LIMITED**" in payment of such exercise.

I/We agree to my/our name/s being placed on the Register of Members in respect to the number of shares in the Company allotted and to be bound by the Constitution of the Company.

Please sign below:

Shareholder 1 (Individual)

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Sole Director & Company Secretary

Joint Shareholder 2 (Individual)

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Director

Joint Shareholder 3 (Individual)

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Director / Company Secretary

Telephone No. (Business Hours)

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Date _____

Lodgement of Application

Cadence Capital Limited C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

Terms of Options

Cadence Capital Limited

Register

The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act.

Transfer/Transmission

An Option may be transferred or transmitted in any manner approved by the ASX.

Exercise

An Option may be exercised by delivery to the Company's Registry of a duly completed notice of exercise, signed by the registered holder of the Option, together with payment to the Company of \$1.43 per Option being exercised and any relevant Option certificate. A blank notice of exercise will be provided to Option holders at the same time as Option holding statements are despatched.

An Option may be exercised on any business day from the date of grant to 31 August 2015 (inclusive), but not thereafter.

A notice of exercise is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from their date of issue.

Participating rights

An Option holder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least 7 business days' notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

If, between the date of issue and the date of exercise of an Option, the Company makes one or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = \frac{OE - E[P - (S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which one Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of the ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

Reconstructions and Alteration of Capital

Any adjustment to the number of outstanding Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

ASX Listing

The Company must make an application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.