

8 April 2016

ASX Announcement & Media Release

Notice of Meeting, Performance Rights Plan and proposed issue of rights

FAR Limited (ASX: FAR) attaches its Notice of Meeting and proxy form together with a Performance Rights Plan adopted and approved by the Board and listed for adoption by the shareholders in Resolution 3 of the Notice of Meeting.

FAR wishes to issue approximately 21.5 million rights to various employees and directors under the terms of the Performance Rights Plan, approximately 6.7 million of the rights are to be issued to the directors listed in Resolutions 4 and 5 of the attached Notice of Meeting.

For more information please contact

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Notice of Annual General Meeting and Explanatory Statement

For the Annual General Meeting to be held at 10.00am on Friday 13 May 2016
at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria

This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please vote online OR complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the shareholders of the Company will be held at 10.00am on Friday 13 May 2016 at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and time and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed and either:

- send the Proxy Form by post to Computershare, GPO Box 242, Melbourne, Victoria 3000; or
- send the Proxy Form by facsimile to Computershare on facsimile number outside Australia +61 (3) 9473 2555 or within Australia 1800 783 447

Or

- for online voting, www.investorvote.com.au
- for Intermediary Online subscribers only (custodians), www.intermediaryonline.com

so that it is received not later than 10.00 am on 11 May 2016.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of FAR Limited ('Company') will be held at 10.00am on Friday 13 May 2016 at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria.

AGENDA

ADOPTION OF FINANCIAL STATEMENTS

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors, for the financial year ending 31 December 2015.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Annual Report for the year ended 31 December 2015."

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 – RE-ELECTION OF MR NIC LIMB

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

"That Mr Nic Limb, who retires in accordance with the Company's Constitution, being eligible for re-election, be re-appointed as a director of the Company."

RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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

"That for the purposes of ASX Listing Rule 7.2 exception 9(b), and for all other purposes, the shareholders of the Company approve the issue of securities under the Performance Rights Plan."

RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO MS CATH NORMAN AS A LONG TERM INCENTIVE

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

"THAT for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given to the grant to Ms Cath Norman of up to 3,578,000 performance rights for no monetary consideration in accordance with the terms and conditions of the Performance Rights Plan and on the terms and conditions as more particularly specified in the Explanatory Notes."

RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO MR BEN CLUBE AS A LONG TERM INCENTIVE

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

"THAT for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given to the grant to Mr Ben Clube of up to 3,090,000 performance rights for no monetary consideration in accordance with the terms and conditions of the Performance Rights Plan and on the terms and conditions as more particularly specified in the Explanatory Notes."

Dated this 8th day of April 2016



Peter Thiessen, Company Secretary

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. For the purposes of the Corporations Act, securities will be taken to be held by persons who are registered holders as at 7.00 pm on 11 May 2016.
3. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution if they think fit.
4. If a proxy is instructed to abstain from voting on an item of business, the proxy is directed not to vote on the shareholder's behalf on the poll and the shares that are subject of the proxy appointment will not be counted in calculating the required majority.
5. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf.
6. If a proxy form is returned but the nominated proxy does not attend the meeting or does not vote on the resolution, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
7. Proxy appointments in favour of the chairman that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this notice of meeting.
8. The proxy form must be signed by the member or his/her attorney duly authorised in writing or if the shareholder is a corporation in a matter permitted by the Corporations Act or in accordance with the laws of that corporation's place of incorporation.
9. Proxies need to be returned as instructed on the proxy form to be received no later than 48 hours before the commencement of the meeting.

VOTING EXCLUSIONS

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel ('KMP'), details of whose remuneration are included in the Remuneration Report; or a closely related party of a KMP whether the votes are cast as a shareholder, proxy or in any other capacity. Section 250R of the Corporations Act prohibits a vote being cast in any such circumstance.

However, the Company will not disregard a vote cast by a member of the KMP ('KMP member') or a closely related party of a KMP member if the vote is cast as a proxy; the proxy is appointed by writing that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a KMP member or a closely related party of a KMP member.

KMP members are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

If you are a KMP member or a closely related party of a KMP member (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a KMP member means any of the following:

- a spouse or child of the KMP member;
- a child of the KMP member's spouse;

- a dependant of the KMP member or the KMP member's spouse;
- anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealing with the Company;
- a company the KMP member controls; or
- a person prescribed by regulations (as at the date of this Notice of Annual General Meeting, no such regulations have been prescribed).

The proxy form accompanying this Notice of Annual General Meeting contains instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy and to direct the Chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

RESOLUTIONS 3, 4 and 5 – PERFORMANCE RIGHTS RESOLUTIONS

The Company will disregard any votes cast on these resolutions by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme) and any associate of any such person, unless the vote is cast by:

- as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the form to vote as the proxy decides.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Peter Thiessen, on +61 (3) 9618 2550 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company to be held on 13 May 2016.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice.

This Explanatory Statement is an important document and should be read carefully in full by all Shareholders. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to the vote at the Annual General Meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform Shareholders in the Notice of Annual General Meeting that a resolution to this effect will be put at the Annual General Meeting. The Remuneration Report is contained within the Directors' Report in the Company's Annual Report for the year ended 31 December 2015. It sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and the non-executive Directors.

Shareholders are advised that, pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company. Accordingly, the Company will not be required to alter any arrangements detailed in the Remuneration Report, should the Remuneration Report not be adopted.

If 25% or more of the votes cast on Resolution 1 are against adoption of the Remuneration Report, then:

- a) if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial period ending 31 December 2016 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- b) if, at the 2017 Annual General Meeting, 25% or more of the votes cast on the resolution for the adoption of the remuneration report for the financial year ending 31 December 2016 are against its adoption, the Company must put to its shareholders a resolution proposing that an extraordinary general meeting ('Spill Meeting') be held within 90 days. Where a Spill Resolution is carried (i.e. more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution), the Directors generally (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

The Company recommends that members who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution, including this Resolution 1. If you complete a proxy form that authorises the Chairman of the Annual General Meeting to vote on your behalf as a proxyholder, and you do not mark any of the boxes 'for' or 'against' or 'abstain' so as to give the Chairman directions about how your vote should be cast in relation to Resolution 1, your proxy appointment will automatically direct the Chairman to vote in favour of the resolution to adopt the Remuneration Report and the Chairman will vote accordingly.

The Chairman intends to vote in favour of Resolution 1 where the Chairman is directed to do so by instructions.

If you wish to appoint the Chairman as your proxyholder but you do not want to put the Chairman in the position to cast your votes in favour of Resolution 1, you should complete the appropriate box on the proxy form, directing the Chairman to vote against or abstain from voting on Resolution 1.

2. RESOLUTION 2 – RE-ELECTION OF MR NIC LIMB

In accordance with the Company's Constitution and the ASX Listing Rules, Mr Nic Limb retires and being eligible for re-election, offers himself for re-election at the Meeting.

Details about Mr Nic Limb are set out in the Directors Report of the 2015 Annual Report.

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

3.1 *Background*

The Performance Rights Plan ('Plan') is intended as an incentive for directors (with separate shareholder approval), executives, employees and other eligible persons to share in the ownership of the Company in order to:

- (a) promote long-term success of the Company;
- (b) provide a strategic, value based reward for eligible persons who make a key contribution to that success;
- (c) align eligible persons' interests with the interests of the Company's Shareholders; and
- (d) promote the retention of eligible persons.

The Plan has been reviewed and approved by the Board and a copy was announced to ASX on 08 April 2016.

3.2 *Summary of terms of the Plan*

The following is a summary of the key terms and conditions of the Plan:

Eligible Employees

Performance Rights may be granted at the discretion of the Board to any full-time or permanent part-time employee or officer, consultant or director of the Company or any related body corporate of the Company ('Employees').

Price

The Board has discretion to determine the issue price and/or exercise price for the Performance Rights.

Vesting and Exercise of Performance Rights

The Performance Rights held by a participant will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the Plan. Vesting conditions may be waived at the discretion of the board.

Exercise

In respect of incentives which have vested, the holder of those incentives is entitled to exercise them by delivering to the Company a notice in writing stating the number of incentives to be exercised together with full payment of the exercise price (if any) for the corresponding new Shares to be issued. The Company will then allot and issue that number of new Shares corresponding to the number of incentives exercised in accordance with any Company adopted procedures regarding the timing of Share issues. All such Shares will upon allotment be credited as fully paid and rank equally with other issued fully paid ordinary shares in the capital of the Company. Whilst the Company is listed on ASX, it must apply for quotation of those

new Shares on ASX as soon as practicable after allotment.

No performance right may be exercised after it has expired.

Change of Control

In the event a takeover bid is made to acquire at least 50% of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a takeover bid made for the shares which will result in a person (and its Related Bodies Corporate) being registered as the holder of more than 50% of the shares, all vesting conditions in respect of the Performance Rights will be deemed to be satisfied and all Unvested Performance Rights will automatically become Vested Performance Rights.

Variation of Share Capital

If prior to the exercise of the Performance Rights, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash), the terms of the Performance Rights will be changed to the extent necessary to comply with the ASX Listing Rules.

Bonus issue

Unless the relevant Participation Letter states otherwise, if, prior to the exercise of an incentive, the Company makes a bonus issue to Shareholders, and the incentive is not exercised prior to the record date in respect of that bonus issue, the incentive will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the incentive holder if the incentive had been exercised prior to the record date.

Administration

The Plan will be administered by the Board in accordance with the Plan rules. The Company may make further provisions for the operation of the Plan which are consistent with the Plan rules. Whilst the Company is listed on ASX, the Board must exercise its powers in accordance with the Listing Rules.

Restrictions on hedging and dealing

Participants must not enter into any schemes, arrangements or transactions, including hedging arrangements, that hedge or protect the value of performance rights allocated under the Plan or Shares which will be issued, transferred or allocated on Exercise of Performance Rights.

A participant must not Deal (sell, offer for sale, transfer, assign or grant) with any performance right or any right or obligation under this Plan unless the Dealing has the prior written consent of the Company, does not otherwise contravene the Constitution, the Plan rules and the relevant participation letter and complies with the Securities Trading Policy of the Company (which is available in the Governance section of the FAR website).

Suspension, Termination or Amendment

The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the ASX Listing Rules.

Clawback provision

Where a Relevant Person is a 'Bad Leaver' the Board may determine that all or some of the Performance Rights held by the Participant Expire and are incapable of being exercised. The Participant must transfer any or all shares issued upon exercise of a Performance Right as determined by the Board, on terms, and to a person, determined by the Company and pay the Company any proceeds received from the sale of any Shares issued upon the exercise of the Performance Rights and any distributions or dividends paid on the Shares issued upon the exercise of Performance Rights as a debt to the Company.

3.3 ASX Listing Rule requirements

ASX Listing Rule 7.1 limits the issue of equity securities to a maximum of 15% of the Company's issued capital over a rolling 12 month period. There are a number of exceptions to Listing Rule 7.1, including exception 9 of ASX Listing Rule 7.2 which provides that securities granted under an employee incentive scheme are not required to be included in the 15% calculation where shareholders approve the grant of securities as an exception to ASX Listing Rule 7.1, and the approval is refreshed every three years.

If this resolution is approved, securities may be granted by the Company in accordance with the approval up until the date which is three years after the date of this Annual General Meeting without counting towards the 15% limit. If this resolution is approved, details of any securities granted under the Plan will be published in the Company's annual report for the year in which they are granted. This is the second incentive scheme put to shareholders for consideration, and 68 million securities were issued under a separate scheme known as the Executive Incentive Scheme since it was approved by shareholders. No securities have been issued under the Performance Rights Plan the subject of approval at this meeting.

3.4 Corporations Act requirements

The Company must not issue a Performance Right under the Plan, and no Performance Right may be transferred or otherwise Dealt with unless all necessary approvals from any Government Agency in respect of the issue, transfer or Dealing have been obtained and the issue, transfer or Dealing complies with the Constitution of the Company, the Corporations Act and the Listing Rules.

4. RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO MS CATH NORMAN AS A LONG TERM INCENTIVE

In March 2016, the Remuneration Committee undertook a review of the Company's remuneration structure, including short-term incentives and long-term incentives for executives. The Board recognises the importance of including a variable remuneration component in an executive's remuneration package that is only paid on the achievement of key objectives that the Board considers will deliver increased Shareholder value.

The new remuneration policy remains largely unchanged from the practiced philosophy, with the fundamental purpose being to attract, retain and motivate key individuals. The new policy provides guidance around what constitutes appropriate remuneration and provides clarity on the structure of remuneration in this regard. Remuneration packages may include a combination of 'fixed' compensation and a 'variable' performance linked compensation referred to in total as Total Remuneration Package ('TRP'). The 'variable' or 'at risk' performance linked compensation includes both short term incentives ('STI') capped at 25% of total compensation and long term incentives ('LTI') capped at 25% of total compensation.

The Board has approved the following remuneration structure and packages for the executives of the company for the 2016 year as follows:

| Name | Fixed Remuneration ⁽ⁱ⁾ | Performance remuneration 'at risk' | |
|--------------------|--------------------------------------|---------------------------------------|-----------------------|
| | % | STI% ⁽ⁱⁱ⁾ | LTI% ⁽ⁱⁱⁱ⁾ |
| Managing Director | 50 | 25 | 25 |
| Executive Director | 50 | 25 | 25 |
| Other Executives | 50 | 25 | 25 |

(i) Fixed remuneration includes base salary and employer contributions to superannuation funds.

(ii) Short term incentives are cash bonuses which may be offered at the discretion of the board linked to performance.

(iii) Long term incentives include performance rights which may be granted annually at the discretion of the board, linked to performance conditions measured over an extended period.

The Performance Rights Plan comprises the equity component of the LTI at risk/reward opportunity, which for the 2016 year will be the provision of Performance Rights (being a right to receive a number of fully paid shares in the Company for nil monetary consideration) to eligible executives, subject to performance hurdles being satisfied. Non-executive directors will not participate in the Plan for the 2016 year. No STI's have been awarded to executives for the 2015 year. It is proposed to issue Performance Rights to Cath Norman and Ben Clube in the quantum and on the basis as set out below, and in addition issue a total of a further 14,757,000 Performance Rights to other non director executives on the same basis as described below. Having considered the prevailing market conditions the Board determined that effective from 1 January 2016, Ms Norman's fixed remuneration including base salary and superannuation, be increased by \$8,300 from \$550,000 to \$558,300, representing a CPI adjustment of 1.5%.

Resolution 4 seeks approval for the grant of Performance Rights (being a right to receive a number of fully paid shares in the Company for no monetary consideration, subject to the satisfaction of performance hurdles), as a long-term incentive to the Company's Managing Director. Subject to Shareholder approval, it is proposed to grant 3,578,000 Performance Rights to Ms Norman on terms and conditions which are summarised in these Explanatory Notes.

Based on the details of the Company's remuneration plan set by the Board, Ms Norman's total potential remuneration structure includes a 25% at-risk component provided by long term incentives. The Board has determined that the 20 day VWAP of \$0.078 should be used to evaluate the number of rights to be issued under the Performance Rights Plan. The value of the proposed issue of Performance Rights determined on this basis is approximately \$279,000, which is approximately one half of Ms Norman's total fixed remuneration inclusive of superannuation.

The purpose of the long-term incentive is to provide Ms Norman with an appropriate LTI which is 'at risk' and which is aligned to the Company's long-term strategic plans and business objectives.

Performance Rights which vest shall be capable of being exercised by 31 January 2021.

4.1 *Performance conditions for vesting*

The Board approved performance conditions for vesting attaching to the Performance Rights are comprised as follows:

- a) **Absolute Total Shareholder Return** – 50% of the Performance Rights will be subject to an absolute total

shareholder return ('TSR') hurdle over the three year performance period (being 1 February 2016 to 31 January 2019 and will be tested at the end of this period). Absolute TSR rights will vest according to the following schedule:

| Measure | Performance level to be achieved | Performance vesting outcome | Percentage of total grant that will vest |
|------------------------------------|----------------------------------|--------------------------------|--|
| Absolute TSR | Above 25% CAGR | 100% | 50% |
| | Between 15% and 25% CAGR | Pro rata vesting from 50%-100% | Between 25% and 50% |
| | Less than 15% CAGR | 0% | 0% |
| CAGR = Compound Annual Growth Rate | | | |

- b) **Relative Total Shareholder Return** – 50% of the Performance Rights will be subject to a relative TSR hurdle over the three year performance period (being 1 February 2016 to 31 January 2019 and will be tested at the end of this period). Relative TSR rights will vest according to the following schedule:

| Measure | Performance level to be achieved | Performance vesting outcome | Percentage of total grant that will vest |
|-----------------------------|----------------------------------|--------------------------------|--|
| Relative TSR | 75% PCG or above | 100% | 50% |
| | Between 50% & 75% PCG | Pro rata vesting from 50%-100% | Between 25% and 50% |
| | Below 50% PCG | 0% | 0% |
| PCG = Peer Comparator Group | | | |

The comparator group is the S&P/ASX Energy 300 Index. The comparator group is intended to reflect peer competitors, companies and sectors where investors may choose to invest their money if not in FAR with particular regard to those companies of loosely similar industry and market capitalisation.

4.2 *Change of Control, Good Leaver and Bad Leaver*

Should a Change of Control occur before the end of the vesting period, that is approved by shareholders, the amount of rights that will vest will be calculated in accordance with the following table:

| Measure | Performance level to be achieved | Performance vesting outcome | Percentage of total grant that will vest |
|-------------------------------------|----------------------------------|--------------------------------|--|
| Absolute TSR | Above 25% CAGR | 100% | 100% |
| | Between 15% and 25% CAGR | Pro rata vesting from 50%-100% | Between 50% and 100% |
| | 15% CAGR | 50% | 50% |
| | Less than 15% CAGR | 0% | 0% |
| *CAGR = Compound Annual Growth Rate | | | |

Note that the final share price to be assessed against the performance criteria will be the share price at which a change of control occurs.

Where the participant is a 'Good Leaver' as defined in the Plan the performance period will be assessed having regard to the period up to that date rather than up to 31 January 2019, subject to an overriding discretion on the part of the Board to vest a greater quantum of the Performance Rights and subject to any applicable regulatory limitations.

Where the participant is a 'Bad Leaver' as defined in the Plan, all unvested incentives held by that participant will immediately lapse.

4.3 Exercise Price

No exercise price is payable in respect of the exercise of any Performance Rights referred to above which have vested.

4.4 Expiry/lapse

The performance rights will lapse if vesting does not occur on testing of the performance conditions on 31 January 2019.

4.5 Expiry date

The 2016 performance rights will expire on 31 January 2021.

4.6 Corporations Act requirements

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. As Managing Director of the Company, Ms Norman is a related party for the purposes of Chapter 2E and the grant of Performance Rights under the Plan will constitute a 'financial benefit'.

The Board (other than Ms Norman, who has an interest in Resolution 4) considers that the grant of Performance Rights to Ms Norman constitutes an appropriate and reasonable component of her remuneration, and that the financial benefit represented by the grant of the Performance Rights falls within the 'reasonable remuneration' exception in section 211 of the Corporations Act. In forming this view, the Board has considered the position and responsibilities of Ms Norman, the Company's reliance on a limited number of executive personnel, the need to effectively incentivise Ms Norman while aligning the incentive with shareholder value, the desirability of preserving cash resources, the remuneration offered to executives in comparable positions at comparable companies, and the terms of the Performance Rights.

4.7 ASX Listing Rule 10.15A requirements

In accordance with the requirements of Listing Rule 10.15A, the following information is provided to Shareholders in respect of Resolution 4 to allow them to assess the proposed grant of Performance Rights to Ms Norman, a Director of the Company:

- a) The maximum number of Performance Rights to be granted to Ms Norman is 3,578,000 Performance Rights.
- b) There is no monetary consideration payable by Ms Norman in respect of the proposed grant of Performance Rights pursuant to the offer made.
- c) No Performance Rights have been granted under the Performance Rights Plan.
- d) In accordance with Company's current remuneration policy, the Executive Directors of the Company are the only persons referred to in Listing Rule 10.14 who are entitled to participate in the Performance Rights Plan.

The current proposed participants are the Managing Director, Ms Norman and Executive Director Mr Clube. All other eligible employees of the Company which are expected to participate in the Performance rights Plan are not Directors of the Company, or associates of Directors of the Company.

- e) No loans exist in relation to the proposed grant of Performance Rights to Ms Norman.
- f) Ms Norman is prohibited from hedging the share price exposure in respect of the Performance Rights during the Performance Period applicable to those Rights.
- g) Details of any Performance Rights granted under the Performance Rights Plan will be published in each annual report of the Company relating to the relevant period in which the Performance Rights have been granted, and that approval for the grant of the Performance Rights was obtained under Listing Rule 10.14.
- h) Any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the Performance Rights Plan after Resolution 4 is approved and who were not named in the Notice of Meeting will not participate in the Performance Rights Plan until approval is obtained under ASX Listing Rule 10.14.
- i) The date by which the Company will grant the Performance Rights referred to above to Ms Norman will be no later than 1 month after the date of the Annual General Meeting at which Resolution 4 is approved.

5. RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO MR BEN CLUBE AS A LONG TERM INCENTIVE

The position in relation to Mr Ben Clube is identical to that set out above in the explanatory notes for Ms Cath Norman in the explanatory notes to Resolution 4 except for the following differences:

- The proposed number of Performance Rights to be issued to Mr Clube is 3,090,000;
- Having considered the prevailing market conditions the Board determined that effective from 1 January 2016, Mr Clube's fixed remuneration including base salary and superannuation, be increased by \$7,100 from \$475,000 to \$482,100, representing a CPI adjustment of 1.5%. The value of the proposed issue of these Performance Rights is determined on the same basis as for Ms Norman and is approximately \$241,000 which is approximately one half of Mr Clube's total fixed remuneration inclusive of superannuation.
- All other aspects described above in relation to Ms Norman otherwise equally applies in the case of Mr Clube.



ABN 41 009 117 293

Lodge your vote:



Online:

www.investorvote.com.au



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 850 505
(outside Australia) +61 3 9415 4000

FAR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

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



For your vote to be effective it must be received by 10.00am (AEST) Wednesday, 11 May 2016

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 for Postal Forms

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.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

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.



I 9999999999

IND

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 FAR 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 FAR Limited to be held at Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria on Friday, 13 May 2016 at 10.00am (AEST) 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 Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4 and 5 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 Resolutions 1, 3, 4 and 5 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.

| | | For | Against | Abstain |
|--------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Nic Limb | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Adoption of Performance Rights Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Grant of Performance Rights to Ms Cath Norman as a long term incentive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Grant of Performance Rights to Mr Ben Clube as a long term incentive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution. 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

/ /

FAR Limited

Performance Rights Plan Rules

Baker & McKenzie
ABN 32 266 778 912
Level 19
181 William Street
Melbourne VIC 3000
Australia
www.bakermckenzie.com
Richard Lustig

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FAR Limited

Performance Rights Plan Rules

Recitals

- A The Company has established this Plan to enable Eligible Persons to share in the ownership of the Group in order to:
- (a) promote the long-term success of the Group;
 - (b) provide a strategic, value based reward for Eligible Persons who make a key contribution to that success;
 - (c) align Eligible Person's interests with the interests of the Company's shareholders; and
 - (d) promote the retention of Eligible Persons.
- B Performance Rights issues under this Plan are subject to these Rules.

Operative provisions

1. Introduction

Commencement and term of Plan

- 1.1 This Plan commences forthwith and will continue until terminated by the Board.

Advice

- 1.2 There are legal and tax consequences associated with participation in the Plan. Eligible Persons and Participants must ensure that they understand these consequences before submitting an Application.
- 1.3 Each person who completes and returns an Application to the Company acknowledges and agrees that each Group Company and its officers and employees make no representation or warranty concerning the financial consequences or benefits, or taxation consequences, of participating in the Plan.
- 1.4 Participants are advised that any advice given by a Group Company and its officers, employees and representatives is general advice only. Participants should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.

Inconsistency

- 1.5 To the extent of any inconsistency between this Plan, any Participation Letter and any Application:
- (a) a Participation Letter takes priority over this Plan unless a provision of this Plan is expressed to be incapable of modification;

- (b) a Participation Letter takes priority over any Application;
 - (c) this Plan takes priority over any Application; and
 - (d) any modifications to the terms of any Application as issued by the Company are not binding on the Company unless the Company expressly agrees to those modifications in writing.
-

2. Definitions and interpretation

Definitions

- 2.1 In these Rules, unless the contrary intention appears, the following terms have the meanings given below:

Application means an application for one or more Performance Rights which has been completed by an Eligible Person in accordance with Rule 4.1.

ASX means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the case may be.

ASX Listing Rules means the official listing rules of the ASX, as amended or replaced from time to time, as they apply to the Company to the extent any express written waiver by the ASX is applicable.

Bad Leaver means any Relevant Person who ceases to be Engaged and is not a Good Leaver.

Board means all or some of the directors of the Company acting as a board, a duly constituted committee of the Board or a delegate of the Board.

Business Day means a day that is not a Saturday, Sunday, a public holiday or bank holiday in either of Melbourne, Australia.

Company means FAR Limited (ACN 009 117 293).

Constitution means the constitution of the Company from time to time.

Controller has the meaning given in section 9 of the Corporations Act.

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

A Change of Control Event occurs:

- (a) when a Takeover Bid is made for the Shares which has the sufficient support of shareholders which results in the bidder acquiring a Relevant Interest (as defined in the Corporations Act) in at least 50% of the Shares; or
- (b) with the support of the Board either:
 - (i) pursuant to an application made by the Company to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company and that resolution is passed by the requisite majorities; or

- (ii) the Company passes a resolution for a selective capital reduction or other transaction is initiated,

which has a similar effect to a Takeover Bid made for the Shares which will result in a person (and its Related Bodies Corporate) being registered as the holder of more than 50% of the Shares.

Deal when used in relation to an item of property or a right or obligation, includes sell, offer for sale, transfer, assign or grant or allow to exist any Encumbrance, trust, option or other right in relation to the whole or any part of the item of property, right or obligation (as applicable), and **Dealt with** and **Dealing** have a corresponding meaning.

Eligible Person means any person who is an employee, officer, consultant or director of any Group Company and who is an eligible participant for the purposes of ASIC Class Order 14/1000, or other person approved by the Board.

Encumbrance means any interest which provides security for, or protects against default by, a person for the payment of money or satisfaction of a debt or liability or the performance of obligations, including a mortgage, lien, charge, bill of sale, deposit, pledge, hypothecation, trust, power, preferential right, interest or arrangement, restrictive or positive covenant or any agreement or arrangement to create or grant such an interest or right, or to allow any of them to exist.

Engagement means:

- (a) employment by any Group Company; or
- (b) engagement as a director or contractor of any Group Company,

and **Engaged** has a corresponding meaning.

Exercise means the act of exercising the right attached to a Performance Right to require the issue, transfer or allocation of a Share to the holder of the Performance Right pursuant to Rule 8.

Exercise Notice means a notice that a Performance Right is Exercised, completed in accordance with Rule 8.6.

Exercise Price means, in relation to a Performance Right, the amount (if any) payable by the Performance Rights Holder on the Exercise of that Performance Right, as determined pursuant to Rules 8.7 and 10.

Expiry means, in relation to a Performance Right, the point in time at which that Performance Right can no longer be Exercised (including if the Exercise Period ends), as determined under Rule 9 and **Expire** has a corresponding meaning.

Expiry Date means, in relation to a Performance Right, the date on which that Performance Right lapses and ceases to be exercisable, being the date specified in the relevant Participation Letter or determined pursuant to these Rules.

Good Leaver means any Relevant Person who ceases Engagement:

- (a) because of death (except for death which arises as a result of the Relevant Person's criminal act or intentional self-harm); or
- (b) because of sickness, disability or incapacity (other than sickness, disability or incapacity which arises as a result of the Relevant Person's criminal act or intentional

- self-harm) which renders the Relevant Person incapable of continued full time Engagement in his or her current position with any Group Company; or
- (c) because of redundancy or where Engagement terminates due to the expiry of his/her fixed contractual term; or
 - (d) because the Group Company by which he or she is Engaged ceases to be a Group Company; or
 - (e) because the business or part of any business of any Group Company by which he or she is Engaged is transferred to a person other than any Group Company and the Relevant Person transfers their Engagement to that other person with the consent of the Company; or
 - (f) otherwise in circumstances where the Board agrees that the Relevant Person is to be treated as a Good Leaver for the purposes of this Plan.

Government Agency means any government, governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity and includes any other person authorised by law to give consents, or impose requirements.

Group means the Company and the Company's Subsidiaries, from time to time.

Group Company means any entity which forms part of the Group.

Insolvency Event means, in respect of the Company:

- (a) except for the purpose of a solvent reconstruction or amalgamation:
 - (i) process is filed in a court seeking an order that it be wound up or that a Controller be appointed to it or any of its assets, unless the application is withdrawn, struck out or dismissed within 14 days of it being filed;
 - (ii) an order is made that it be wound up or that a Controller be appointed to it or any of its assets; or
 - (iii) a resolution that it be wound up is passed;
- (b) a liquidator, provisional liquidator, controller or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertaking;
- (c) an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other steps are taken to appoint an administrator to it;
- (d) it is insolvent within the meaning of section 95A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law;
- (e) anything having a substantially similar effect to any of the events specified in paragraphs (a) to (d) (each inclusive) happens to it under the law of any jurisdiction.

Issue Price means, in respect of a Performance Right, the price (if any) determined in accordance with Rule 4.4.

ITAA 1997 means the *Income Tax Assessment Act 1997* (Cth).

Listed means admitted to the official list of a Stock Exchange.

Listing Rules means the listing rules of any Stock Exchange on which the Company is Listed, including the ASX Listing Rules.

Participant means, subject to Rule 15.7:

- (a) an Eligible Person who has been issued a Participation Letter and has returned a corresponding Application to the Company which has been accepted by the Company pursuant to Rule 4.5; and
- (b) to the extent the content requires, a Performance Rights Holder who holds Performance Rights on behalf of, at the nomination of, or by transfer from, an Eligible Person who has been issued a Participation Letter and has returned a corresponding Application to the Company which has been accepted by the Company pursuant to Rule 4.5.

Participation Letter means an invitation to an Eligible Person to apply for Performance Rights pursuant to Rule 3.2 and in relation to a Performance Right, means the Participation Letter pursuant to which the relevant Participant was invited to apply for that Performance Right.

Performance-based Vesting Condition means a Vesting Condition based on the achievement of a Performance Target.

Performance Right means a performance right issued pursuant to this Plan.

Performance Rights Holder means a person who is registered as the holder of a Performance Right in the register of the Company.

Performance Target means an objective, target or status which must be achieved or maintained in order to satisfy a Performance-based Vesting Condition, as set out in the relevant Participation Letter.

Plan means the FAR Limited Performance Rights Plan, the rules of which are set out in this document.

Related Body Corporate has the meaning given to it in the Corporations Act.

Relevant Person, in respect of a Performance Right and a Participant, means:

- (a) the person specified as the Relevant Person in the relevant Participation Letter; or
- (b) if not person is specified pursuant to paragraph (a), the Eligible Person to whom the Participation Letter in respect of that Performance Right was originally issued.

Rules means these Plan rules as amended from time to time and **Rule** means a numbered paragraph of these Plan rules.

Scheme of Arrangement means a scheme of arrangement constituted under Part 5.1 of the Corporations Act.

Service-based Vesting Condition means a Vesting Condition based on the period of Engagement of the Participant by a Group Company or the continued Engagement of the Participant by a Group Company.

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

Share Price Vesting Condition means a Vesting Condition based on the Share price of the Company.

Share Trading Policy means the share trading policy of the Company (as amended from time to time) which governs the trading in securities in any Group Company (or financial products such as Performance Rights, warrants, futures or other financial products issued over or in respect of securities in any Group Company) by any Participant or Eligible Person.

Stock Exchange means any stock exchange or securities market on which any part of the share capital of the Company is quoted.

Subsidiary has the same meaning given to it in Division 6 of Part 1.2 of the Corporations Act.

Takeover Bid has the meaning given in section 9 of the Corporations Act.

Taxes means a tax, levy, charge, impost, deduction, withholding or duty of any nature (including stamp and transaction duty) imposed or levied by any Government Agency or required to be remitted to, or collected, withheld or assessed by, any Government Agency, together with any related interest, penalty, fine, expense or other charge on those amounts.

Unvested Performance Right means a Performance Right which is not a Vested Performance Right.

Vested Performance Right means a Performance Right which is a Vested Performance Right pursuant to Rule 7.3.

Vesting Condition means, in relation to a Performance Right, a condition which must be satisfied or waived before that Performance Right becomes a Vested Performance Right, as set out in the relevant Participation Letter.

Interpretation

2.2 In these Rules, unless the context otherwise requires:

- (a) terms defined in the Corporations Act and, while the Company is Listed, the Listing Rules, have the same meaning in these Rules;
- (b) words importing:
 - (i) the singular include the plural and vice versa; and
 - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined, cognate words and phrases have corresponding definitions;
- (d) a reference to:
 - (i) a person includes any, individual, firm, association, body corporate, partnership, joint venture, trust and government or statutory body, agency or authority;
 - (ii) a person includes its legal personal representatives, executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
 - (iii) a law includes any statute, ordinance, code, legislation, judgment, rule of common law or equity or rule of any applicable stock exchange, regulations, by-law or other subordinate legislation or statutory instrument and is a

reference to that law as amended, consolidated, supplemented, re-enacted or replaced;

- (iv) a right includes a benefit, remedy, discretion, authority or power;
 - (v) an agreement includes any undertaking, representation, deed, agreement or legally enforceable arrangement or understanding whether written or not;
 - (vi) a Rule or annexure is a reference to a Rule of or annexure to this Plan and a reference to this Plan includes any annexure;
 - (vii) "dollars", "\$" or "A\$" is a reference to the lawful currency of Australia;
 - (viii) time is a reference to time in Melbourne, Australia;
 - (ix) this or any other document includes the document as amended, consolidated, supplemented, novated, varied or replaced, notwithstanding any change in the identity of the parties; and
 - (x) anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them;
- (e) the words "**includes**" or "**including**", "**for example**" or "**such as**" when introducing a list of items do not exclude a reference to other items, whether of the same class or genus or not;
 - (f) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day; and
 - (g) if a period starts from, after or before a day or the day of an act or event, it excludes that day.

2.3 Headings are for convenience only and do not affect the interpretation of these Rules.

2.4 This Plan is a plan to which Subdivision 83A-C of the ITAA 1997 applies (subject to the conditions in that Act).

3. Invitation to participate

Introduction

3.1 The Company may, from time to time, invite any Eligible Person to participate in the Plan.

Participation Letter

3.2 If the Company chooses to invite an Eligible Person to participate in the Plan, the Company must issue the Eligible Person with a Participation Letter.

Contents of Participation Letter

3.3 A Participation Letter must:

- (a) be in writing and substantially in the form of **Annexure 1**, with such amendments as the Board determines; and

- (b) set out the particulars of the Eligible Person's proposed participation in the Plan including, in relation to the Performance Rights which would be issued to the Eligible Person in accordance with the Participation Letter:
 - (i) the number of Performance Rights;
 - (ii) any Issue Price(s);
 - (iii) the Expiry Date(s);
 - (iv) any Exercise Price(s); and
 - (v) any Vesting Conditions; and
 - (c) set out the time and date by which the Eligible Person must return the Participation Letter as a completed Application.
- 3.4 Inadvertent non-compliance with Rules 3.2 and 3.3 does not invalidate a Participation Letter, or an Eligible Person's participation in the Plan.

Power to revoke Participation Letters

- 3.5 The Company may revoke a Participation Letter it has issued at any time until the Company formally accepts an Application in respect of the Participation Letter under Rule 4.5.
- 3.6 A Participation Letter is not an offer which is capable of acceptance and an Eligible Person is:
- (a) not entitled to be granted any Performance Rights until; and
 - (b) only able to participate in the Plan once,
- the requirements of Rules 4.1, 4.2 and 4.5 are satisfied.

Company's discretion

- 3.7 Subject to Rules 3.1, the Company may determine in its discretion:
- (a) whether to invite any person to participate in the Plan;
 - (b) whether to revoke any Participation Letter or invitation made to any person to participate in the Plan;
 - (c) the timing of any Participation Letter; and
 - (d) the terms of any person's proposed participation in the Plan including the number and terms of Performance Rights to be granted under the Plan.
- 3.8 Eligible Persons may be invited to participate in the Plan on different terms.
- 3.9 An Eligible Person may be issued with more than one Participation Letter, in which case each Participation Letter may contain different terms.

4. Application and allocation of Performance Rights

Application for Performance Rights

- 4.1 Once an Eligible Person has received a Participation Letter, the Eligible Person may apply to be issued with the Performance Rights detailed in the Participation Letter by:

- (a) validly signing the Application attached to the Participation Letter (in the form set out in **Annexure 1** with such amendments as are agreed to by the Board) and returning it to the Company;
- (b) paying to the Company the Issue Price (if any) for each Performance Right applied for by the Eligible Person under the relevant Participation Letter; and
- (c) if required by the Constitution, signing any other documents necessary to enable the issue of the Performance Rights to the Eligible Person and delivering them to the Company,

(together referred to as an **Application**).

Time limit to submit Applications

- 4.2 Subject to Rule 4.3, an Eligible Person must submit an Application pursuant to Rule 4.1 within 14 days of the date of the relevant Participation Letter or the Application will not be valid.
- 4.3 The Company may extend or shorten the time for submission of an Application beyond the period referred to in Rule 4.2 and accept an Application after that period has elapsed.

Issue Price

- 4.4 The Issue Price of a Performance Right is the price determined by the Board from time to time and described in the relevant Participation Letter, and may be nil.

Acceptance of Applications

- 4.5 Once an Eligible Person has complied with Rule 4.1, the Company may accept the Application by issuing, or procuring the transfer of, the Performance Rights detailed in the relevant Participation Letter to the Eligible Person.

Lapse of Applications

- 4.6 An Application lapses if it is not accepted in accordance with Rule 4.5 within 28 days of its receipt by the Company, unless the Company determines otherwise.

Allocation of Performance Rights and participation in Plan

- 4.7 If the Company accepts an Application in accordance with Rule 4.5:
 - (a) the Company must issue to the Eligible Person the Performance Rights referred to in the Application by the Eligible Person; and
 - (b) the Eligible Person will be entitled to participate in the Plan as a Participant.

5. Performance Rights and Shares

Rights attaching to Performance Rights

- 5.1 Subject to Rule 10, each Performance Right entitles the Participant to subscribe for, and be issued with the number of Shares set out in the Participation Letter in respect of that Performance Right provided:
 - (a) the Performance Right is a Vested Performance Right; and

- (b) the Participant Exercises the Performance Right prior to the Expiry Date (or such later date determined by the Company), in accordance with these Rules and the relevant Participation Letter.

Rights of Shares

5.2 A Share issued on the Exercise of a Performance Right will:

- (a) rank equally, on and from its date of issue, in all respects with any Shares of the same class which are then on issue; and
- (b) be subject to these Rules, the relevant Participation Letter and the Constitution.

Participation rights

5.3 Performance Rights confer no right to participate in, and a Participant is not entitled to participate in, any new issue of Shares to existing holders of Shares in the capital of the Company, unless a Performance Right is Exercised and the Participant is registered as a holder of Shares, and then only to the extent that the registered holder of those Shares would otherwise be entitled to participate as a member of the Company.

Participants' obligations

5.4 Any holder of Performance Rights issued under this Plan are bound by the Constitution, these Rules and the relevant Participation Letter.

Quotation of Performance Rights and Shares

5.5 Performance Rights will not be quoted on the ASX or any other securities exchange unless the Company determines otherwise.

6. Restrictions on hedging and Dealing

Restrictions on hedging

- 6.1 Subject to Rule 6.2, Participants must not enter into any schemes, arrangements or transactions, including hedging arrangements, that hedge or protect the value of Performance Rights allocated under the Plan or Shares which will be issued, transferred or allocated on Exercise of Performance Rights.
- 6.2 Rule 6.1 does not apply to Vested Performance Rights provided that the details of that scheme, arrangement or transaction are fully disclosed to the Company.

Restrictions on Dealing

- 6.3 A Participant must not Deal with any Performance Right or any right or obligation under this Plan (including appointing a nominee to hold the Performance Rights) unless the following conditions are satisfied:
 - (a) the Dealing has the prior written consent of the Company;
 - (b) the Dealing does not otherwise contravene the Constitution, these Rules and the relevant Participation Letter; and
 - (c) the Dealing complies with the Share Trading Policy.

General requirements for Dealing

- 6.4 Any Dealing with a Performance Right or any right or obligation under this Plan must be undertaken in a form and manner approved by the Company.

Void Dealings

- 6.5 If any Dealing with a Performance Right or any right or obligation under this Plan, or any scheme, arrangement or transaction, breaches this Rule 6:
- (a) unless the Company determines otherwise, it will be treated as void as against the Company, the members of the Company and any Participant; and
 - (b) the Company may cancel, on terms determined by the Company, some or all of the Performance Rights of the Participant that has breached this Rule 6, which may include cancelling those Performance Rights for nil consideration.
-

7. Vesting of Performance Rights

Vesting Conditions

- 7.1 A Performance Right may be subject to Vesting Conditions as determined by the Company.
- 7.2 Vesting Conditions may be:
- (a) a Service-based Vesting Condition;
 - (b) a Performance-based Vesting Condition;
 - (c) a Share Price Vesting Condition; and/or
 - (d) based on any other matter determined by the Company.

Vested Performance Rights

- 7.3 A Performance Right is a Vested Performance Right if:
- (a) it is not subject to any Vesting Conditions; or
 - (b) it is no longer subject to any unsatisfied Vesting Conditions; or
 - (c) all Vesting Conditions in respect of the Performance Right have been satisfied or waived by the Company pursuant to these Rules.

Vesting Conditions satisfied at the discretion of the Company

- 7.4 Notwithstanding any other provision of this Plan, the Company may:
- (a) waive any Vesting Condition; and
 - (b) determine that any of the following is satisfied notwithstanding that they may not be:
 - (i) a Performance Target;
 - (ii) a Performance-based Vesting Condition;
 - (iii) a Service-based Vesting Condition; and/or
 - (iv) a Share Price Vesting Condition.

- 7.5 A waiver of a Vesting Condition under Rule 7.4(a) or determination under Rule 7.4(b) may be expressed to be effective from the time the relevant Participant or Relevant Person ceases to be Engaged, notwithstanding that the waiver or determination may not occur until after that time.

Satisfaction of Service-based Vesting Condition

- 7.6 Unless otherwise specified in the relevant Participation Letter, a Service-based Vesting Condition is satisfied if:
- (a) the Relevant Person is Engaged by a Group Company on a continuous basis until the date specified in the relevant Participation Letter; or
 - (b) the Relevant Person completes the number of years continuous Engagement (allowing for any leave to which the Relevant Person is entitled) as specified in the relevant Participation Letter; or
 - (c) the Company determines that the Service-based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.
- 7.7 For the purpose of Rule 7.6:
- (a) Engagement may be with one or more Group Companies and need not be continuously with any particular Group Company, provided that the Participant is at all relevant times Engaged by at least one Group Company; and
 - (b) any approved leave taken by a Participant will be treated as forming part of that Participant's period of Engagement.

Satisfaction of Performance-based Vesting Condition

- 7.8 A Performance-based Vesting Condition is satisfied if, and only if:
- (a) the relevant Performance Target is achieved, as determined by the Company; or
 - (b) the Company determines that the Performance-based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.

Satisfaction of Share Price Vesting Condition

- 7.9 A Share Price Vesting Condition is satisfied if, and only if:
- (a) the relevant requirement set out in the Participation Letter is achieved; or
 - (b) the Company determines that the Share Price Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.

Vesting of Unvested Performance Rights on Change of Control or Good Leaver

- 7.10 Subject to the terms of the relevant Participation Letter, if a Change of Control Event occurs or the Relevant Person is a Good Leaver:
- (a) all Vesting Conditions in respect of the Performance Rights will be deemed to be satisfied; and
 - (b) all Unvested Performance Rights will automatically become Vested Performance Rights.

Clawback

7.11 Notwithstanding that:

- (a) a Relevant Person may have been considered to be a Good Leaver at the time the Relevant Person ceased to be Engaged; or
- (b) the Company may have waived any Vesting Condition; or
- (c) the Company may have determined that a Vesting Condition was satisfied, if:
 - (d) it is later discovered that a Relevant Person was, in reality, not a Good Leaver at the time the person ceased to be Engaged; or
 - (e) it is later discovered that a Vesting Condition was not, in fact, satisfied,

then the Board may determine that:

- (f) all or some of the Performance Rights held by a Participant Expire and are incapable of being Exercised; and/or
- (g) the Participant must, or must procure that any relevant third party, immediately on request by the Company:
 - (i) transfers any or all Shares issued upon the exercise of a Performance Right, as determined by the Board, on terms, and to a person, determined by the Company (which may include transferring them for nil consideration); and/or
 - (ii) pays the Company any:
 - (A) proceeds received from the sale of any Shares issued upon the exercise of Performance Rights; and
 - (B) any distributions or dividends paid on Shares issued upon the exercise of Performance Rights,as a debt due to the Company.

8. Exercise of the Performance Rights

Exercise

- 8.1 Vested Performance Rights may be Exercised at any time prior to their Expiry or, at any time the Company determines.
- 8.2 The Exercise of a Vested Performance Right is conditional upon:
- (a) the Performance Rights Holder complying with Rules 8.4 and 8.6; and
 - (b) the Performance Rights Holder first executing a consent to become a member of the Company in a form acceptable to the Company.

Unvested Performance Rights not to be Exercised

- 8.3 Notwithstanding any other provision of this Plan, Unvested Performance Rights may not be Exercised under any circumstance.

Exercise subject to Share Trading Policy

- 8.4 A Participant must not Exercise any Performance Right unless the Exercise of that Performance Right complies with the Share Trading Policy.

Expired Performance Rights not to be Exercised

- 8.5 Notwithstanding any other provision of this Plan, no Performance Right may be Exercised after it has Expired.

Manner of Exercise

- 8.6 Subject to Rule 8.3 and 8.5 and the relevant Participation Letter, a Performance Rights Holder may Exercise any of its Vested Performance Rights by:
- (a) delivering to the Company:
 - (i) a written notice substantially in the form of **Annexure 2** (or in such other form approved by the Company) duly completed and executed by the Performance Rights Holder;
 - (ii) the certificate(s) for those Performance Rights (if any has been issued); and
 - (b) paying the Company the Exercise Price (if any) in respect of the Performance Rights as required by Rules 8.7 and 8.8,
- each prior to the Expiry of the Performance Right.

Exercise Price

- 8.7 Subject to any adjustment under Rule 10, the Exercise Price of a Performance Right is the price (if any) determined by the Company from time to time and set out in the relevant Participation Letter.

Payment of Exercise Price

- 8.8 The Exercise Price of a Performance Right must be paid to the Company, or to a third party at the direction of the Company, by:
- (a) cheque;
 - (b) electronic funds transfer to a bank account nominated by the Company; or
 - (c) in any other manner approved by the Company.

Issue of Shares on Exercise

- 8.9 If a Performance Right is Exercised in accordance with Rule 8.6, the Company must issue to the Performance Rights Holder the number of Shares which the Performance Right entitles the Performance Rights Holder to subscribe for.

Procedures for issue of Shares

- 8.10 The Company may adopt procedures for the issue of Shares on the Exercise of a Performance Right which may (amongst other things) specify times, intervals or periods at or during which the Company will issue Shares on the Exercise of a Performance Right.
- 8.11 Each Participant acknowledges and agrees that:

- (a) there will be some delay between the date that a Participant Exercises any Performance Right and the time that Participant is registered as the holder of Share resulting from the Exercise of that Performance Right; and
- (b) neither the Company, nor any of its officers, employees, advisers, representatives, nor any other person, will have any liability in connection with any change in value of Shares between the time a Participant Exercises a Performance Right and is registered as the holder of Shares and able to Deal with those Shares.

9. Expiry

Expiry

9.1 A Performance Right (whether vested or unvested) which has not been Exercised under these Rules Expires on the earlier of:

- (a) **(Expiry Date)** 5.00pm (local time in Melbourne, Australia) on the Expiry Date applicable to that Performance Right;
- (b) **(Bad Leaver - Ceasing to be Engaged)** where the Relevant Person is a Bad Leaver, 5 Business Days after the Relevant Person ceased to be Engaged;
- (c) **(Change of Control – all Performance Rights)** unless the Board otherwise determines, the earlier of:
 - (i) 5 Business Days after the occurrence of a Change of Control Event; and
 - (ii) if the Board determines that it expects a Change of Control Event to occur, the date determined by the Board (in which case the Company must give Participants notice that the Board has determined Performance Rights will expire under this rule at least 5 Business Days’ prior to the determined date for expiry); and
- (d) **(Insolvency Event)** immediately on the Company suffering an Insolvency Event, unless otherwise determined by the Company.

Effect of Expiry

9.2 All rights and obligations attaching to a Performance Right cease to be of any force or effect once the Performance Right Expires.

Leave of absence

9.3 Leaves of absence approved by the Company will not be construed as a termination or cessation of Engagement if the underlying relationship of employment or officeholding remains during that absence.

10. Adjustment of Performance Rights on capital reorganisation

Reconstructions

10.1 ASX Listing Rule 7.22 applies to Performance Rights.

- 10.2 The Company may alter the rights of any Performance Rights Holder to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation of the share capital of the Company.

Adjustment on pro rata issue or bonus issue

- 10.3 ASX Listing Rules 6.22.3 but not ASX Listing Rule 6.22.2 applies to Performance Rights unless the relevant Participation Letter states otherwise.

11. Calculations and fractional entitlements

Application and calculation

- 11.1 The Company may make any decisions on adjustments or rounding of fractional entitlements or Performance Rights which it considers necessary or desirable in connection with Rule 10 or another provision of these Rules.

Fractional Shares

- 11.2 Where any provision of these Rules or a Participation Letter would result in the issue, transfer or allocation of a fractional number of Shares that provision is to be construed so that the number is to be rounded down to the nearest whole number, unless expressly stated otherwise or determined by the Company.

Calculations binding

- 11.3 The decisions of the Board or the Company respectively as to all calculations made by them under these Rules are final, conclusive and binding on the Participant and any person with any interest in any Performance Rights.

12. Administration of the Plan

Administration by the Company

- 12.1 The Plan will be administered by the Company in accordance with these Rules.
- 12.2 The Company may make further provisions for the operation of the Plan which are consistent with these Rules.

Company and Board powers

- 12.3 Subject to the general purpose, terms and conditions of this Plan, the Company and Board will have full power and authority to implement and carry out this Plan including the power and authority to:
- (a) delegate some or all of the administration of the Plan to any person or persons or committee or sub-committee, for any period and on any terms and conditions it decides, to exercise any of its powers or discretions under the Plan;
 - (b) decide on appropriate procedures for administering the Plan, including the forms and notices to be issued under the Plan;
 - (c) construe, interpret and resolve all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;

- (d) amend (in accordance with Rule 13), add to or waive any provision of the Plan (including this Rule) in relation to any or all Participants;
- (e) correct any defect, supply any omission or reconcile any inconsistency in this Plan;
- (f) determine that any decision made, or permission given, under the Plan, is subject to further conditions decided by the Company; and
- (g) make all other administrative determinations which the Board considers necessary or desirable for the administration of this Plan.

Company and Board's discretion

- 12.4 Subject to the express requirements of these Rules, including Rule 3.1, the Company and the Board each have absolute and unfettered discretion:
- (a) to act or refrain from acting under these Rules or concerning the Plan; and
 - (b) in exercising any power or discretion concerning the Plan or any rights under the Plan.

Limit on powers, discretions and obligations

- 12.5 Any power or discretion which is conferred on the Company or the Board respectively by these Rules must be exercised in the interests, or for the benefit, of the Company. The Company and the Board are not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

Decisions final and conclusive

- 12.6 The decisions of the Company and Board respectively as to the interpretation, effect or application of these Rules and all determinations made by the Company or Board under these Rules are final, conclusive and binding the Participants, Performance Rights Holders and any person with any interest in any Performance Rights.

Documents

- 12.7 The Company may from time to time require a Participant to complete and return any documents that are required by law to be completed by the Participant and any other documents which the Company considers should, for legal or taxation reasons, be completed by the Participant.

Foreign government requirements and sub-plans

- 12.8 The Company may take any action consistent with the terms of this Plan, either before or after a Performance Right has been granted, which the Company deems necessary or advisable to comply with any laws or regulatory requirements of a foreign country, including but not limited to, modifying or amending the terms and conditions governing any Performance Rights, or establishing any local country plans as sub-plans to this Plan. In addition, under all circumstances, the Company may make amendments to this Plan so as to conform with or take advantage of governmental requirements, statutes or regulations.

13. Amendment, suspension and termination

Amendment of the Rules

- 13.1 Subject to Rules 13.2 and 13.5, the Board may, by written instrument amend, vary, add to, delete or modify all or any of the provisions of these Rules, including this Rule 13.

Limitation on amendment

- 13.2 No amendment of the provisions of these Rules may materially reduce the rights or increase the obligations of any Participant in respect of their Performance Rights held at the date of the amendment, other than an amendment introduced primarily:
- (a) for the purpose of complying with or conforming to any present or future applicable law (including State, Territory or Commonwealth legal requirements) applicable to this Plan or the Performance Rights;
 - (b) to take into consideration possible adverse Tax implications in respect of this Plan arising from, amongst others, adverse Tax rulings, changes to Tax legislation (including an official announcement) and/or changes in the interpretation of Tax law by a court of competent jurisdiction;
 - (c) to correct any manifest error or mistake;
 - (d) to enable contributions or other amounts paid by any Group Company to qualify as income tax deductions for that Group Company or any other Group Company; or
 - (e) to enable any Group Company to comply with the Corporations Act, the Listing Rules and the constituent document of a Group Company.
- 13.3 Subject to Rule 14.2, in respect of Performance Rights which have already been issued as at the date of any alteration proposed to be made under Rule 13.1, the Company may not make any alteration which would be materially prejudicial to the rights of the Participant without the agreement of the relevant Participant.
- 13.4 As soon as reasonably practicable after making any amendment under this Rule, the Company must give notice in writing of that amendment to any Participant and any Group Company affected by the amendment.

Listing Rules

- 13.5 If the Company is Listed, no amendment may be made to the Plan except in accordance with, and in the manner (if any) stipulated by, the Listing Rules.

Amendments may be retrospective

- 13.6 Subject to the provisions of this Rule 13, any amendment made pursuant to Rule 13.1 may be given retrospective effect.

Suspension and termination

- 13.7 Subject to Rule 13.8, the Company may suspend the operation of the Plan or terminate the Plan.
- 13.8 The suspension or termination of the Plan must not prejudice the existing rights of Participants except as permitted pursuant to Rule 13.2.

14. Compliance with law, Corporations Act and Listing Rules

Compliance with law, Corporations Act and Listing Rules

- 14.1 Notwithstanding any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, the Company must not issue a Performance Right under the Plan, and no Performance Right may be transferred or otherwise Dealt with unless:
- (a) all necessary approvals from any Government Agency in respect of the issue, transfer or Dealing have been obtained; and
 - (b) the issue, transfer or Dealing complies with the Constitution, all applicable laws, regulations and rules that may govern the Company including the Corporations Act and, while the Company is Listed, the Listing Rules.

Listing Rules to take precedence

- 14.2 While the Company is Listed, the following applies:
- (a) notwithstanding anything contained in this Plan, if the Listing Rules prohibit an act being done, the act must not be done;
 - (b) nothing contained in this Plan prevents an act being done that the Listing Rules require to be done;
 - (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
 - (d) if the Listing Rules require this Plan to contain a provision and it does not contain such a provision, this Plan is deemed to contain that provision;
 - (e) if the Listing Rules require this Plan not to contain a provision and it contains such a provision, this Plan is deemed not to contain that provision; and
 - (f) if any provision of this Plan is or becomes inconsistent with the Listing Rules, this Plan is deemed not to contain that provision to the extent of the inconsistency.

The Company may amend, vary, add to, delete or modify all or any of the provisions of these Rules in any way it considers necessary to give effect to this Rule 14.2.

Termination Benefits

- 14.3 This Rule 14.3 applies to any benefit which may be required to be provided by any entity within the Group (**Benefit**). This Rule 14.3 applies notwithstanding, and overrides, any other provision of this Plan and any agreement, understanding, policy, plan, scheme or arrangement (**Arrangement**). Notwithstanding any Arrangement, no person will be entitled to any Benefit in connection with any person's cessation of Engagement, if the giving of the Benefit would give rise to a breach of Part 2D.2 of the Corporations Act, any other provision of the Corporations Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such Benefits (**Limiting Legislation**). If any Limiting Legislation limits the amount of the Benefit, or the amount of the Benefit that may be given without obtaining shareholder approval, the Benefit is capped at that amount and no further Benefit is required to be provided to the relevant person. The Group may reduce any Benefit in such manner as it determines appropriate to ensure compliance with Limiting Legislation and so that shareholder approval does not need to be obtained. No entity in the Group is required to seek

or obtain the approval of its shareholders for the purpose of overcoming any limitation or restriction imposed by any Limiting Legislation.

15. General rights and obligations under the Plan

Participants' rights

15.1 Except as expressly provided in these Rules, nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any person the right to be invited to apply for, to be offered, or to receive, any Performance Rights;
- (c) confers on any Participant the right to continue as an employee, officer or contractor of any Group Company (as the case may be);
- (d) affects an Eligible Person's terms of Engagement with any Group Company;
- (e) affects any rights which any Group Company may have to terminate the Engagement of any Participant;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any termination of Engagement;
- (g) confers on an Eligible Person or a Participant person any rights to compensation or damages in consequence of the termination of their Engagement with a Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
- (h) confers on any Participant the right to assign his or her actual or prospective rights under the Plan, or any Performance Rights, to any person without the consent of the Company.

Relevant Persons' and Participants' acknowledgments

15.2 By accepting an invitation to participate in the Plan and submitting an Application to the Company, the Participant acknowledges that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, suspended or terminated by the Company at any time, as provided in the Plan;
- (b) participation in the Plan is voluntary and occasional and does not create any contractual or other right to future participation in the Plan, or benefits in lieu of participation in the Plan, even if participation is offered repeatedly;
- (c) all decisions with respect to future participation in the Plan, if any, will be at the sole discretion of the Company;
- (d) the Participant's participation in the Plan will not create a right to further employment with his or her employer;
- (e) Performance Rights and Shares acquired pursuant to the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to any Group Company or the Participant's employer, and which are outside the scope of the Participant's employment contract, if any;

- (f) the future value of the underlying Shares is unknown and cannot be predicted with certainty and the Shares may increase or decrease in value, even below the Exercise Price; and
- (g) the Participant will have no entitlement to compensation or damages as a result of any loss or diminution in value of Shares or any other rights acquired pursuant to the Plan, including, without limitation, as a result of the termination of the Participant's employment by any Group Company or other affiliate for any reason whatsoever and whether or not in breach of contract, and, upon commencing participation in the Plan, the Participant will be deemed irrevocably to have waived any such entitlement as might arise.

Rights on cessation of Engagement

- 15.3 No person, whether a Participant or otherwise, has any claim, right or interest in respect of this Plan or other property, whether against any Group Company or any other person, as a consequence of cessation of that person's Engagement or otherwise, except in accordance with these Rules.
- 15.4 Without limiting Rules 15.1 to 15.3, participation in the Plan does not form part of the Participant's remuneration for the purposes of determining payments in lieu of a notice of termination of Engagement, severance payments, leave entitlements, or any other compensation payable to a Participant upon the cessation of Engagement.

Other benefits scheme calculations

- 15.5 No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit-sharing, group insurance, welfare or benefit plan of any Group Company.

Participation in other schemes

- 15.6 Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of a Group Company unless the terms of that incentive or scheme provide otherwise.

Cessation of membership

- 15.7 A person ceases to be a Participant when all rights and obligations which the Participant is entitled to, or subject to, under the Plan have been satisfied or discharged in accordance with these Rules.

16. General provisions

Power of attorney

- 16.1 In consideration of the issue of the Performance Rights, each Participant irrevocably appoints each current director and current secretary, from time to time, of the Company as his or her attorney, to do all acts and things and to complete and execute any documents, including Share and Performance Right transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules and any relevant Participation Letter.
- 16.2 A Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under Rule 16.1 and to indemnify the attorney in respect of doing so.

Notices

- 16.3 The address for the delivery, transmission and postage of notices to a Participant is the address of the Participant indicated on the Participation Letter or such other address as the Participant may notify to the Company in writing from time to time.

Expenses

- 16.4 Except as provided in these Rules, the Company will meet the ongoing administration expenses of the Plan.

Taxes

- 16.5 The Company is not responsible for any Taxes which may become payable by a Participant in connection with the issue or transfer of Performance Rights, the issue, transfer or allocation of Shares, or any other Dealing by a Participant with such Performance Rights or Shares including the payment of any cash amount. Relevant Persons and Participants are solely responsible for all such amounts.
- 16.6 Notwithstanding any other Rule, if the Company is required to make or deemed to make a payment to a Participant under these Rules, the Company may deduct or withhold any amount in respect of Taxes payable as a result of the payment (including by withholding Performance Rights or Shares and selling them to raise the necessary funds at any price reasonably obtainable by the Company).

Severability

- 16.7 If the whole or any part of a provision of this Plan, any Participation Letter, any Application or the terms of any Performance Right is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remaining provisions have full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Rule has no effect if the severance alters the basic nature of this Plan, any Participation Letter, any Application or any Performance Right, or is contrary to public policy.

Entire agreement

- 16.8 This Plan any Participation Letter and any Application constitute the entire agreement between the Company and the relevant Participant about their subject matter.

Discretion in exercising rights

- 16.9 The Company and Board may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this Plan expressly states otherwise.

Partial exercise of rights

- 16.10 If the Company does not exercise a right or remedy fully or at a given time, the Company may still exercise it later.

No liability for loss

- 16.11 The Company is not liable for costs or loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this Plan.

Variation and waiver

- 16.12 A provision of this Plan, any Participation Letter or any Application, or a right created under any of them, may not be waived or varied except in writing, signed by the party or parties to be bound.

Construction

- 16.13 No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this Plan any Participation Letter any Application or any part of it.

Governing law

- 16.14 These Rules are governed by and are to be construed in accordance with the laws of the State of Victoria, Australia. Each of the Company, each Participant, each Relevant Person and each Performance Rights Holder submits to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia.

Annexure 1

Participation Letter

The following is an example of the form of Participation Letter. It needs to be customised as appropriate to cover the relevant circumstances.

<<insert date>>

<<insert name of Participant>>

<<insert address of Participant>>

Dear <<insert name>>

FAR Limited – Invitation to Participate in its Performance Right Plan

The Board of FAR Limited (ACN 009 117 293) (the **Company**) is pleased to formally invite you to participate in its Performance Right Plan (**Plan**).

The Company has established the Plan to allow people such as you to participate in the long-term success of the Company's business by giving those persons the opportunity to share in the ownership of the Company. This Plan offers select, high-achieving and loyal staff a generous opportunity to share in the Company's growth and profits alongside the Company's shareholders.

Key Features of the Plan

The Plan offers Eligible Persons (**Participants**) ownership of Performance Rights that may be converted into Shares. These Performance Rights are Exercisable and convertible into Shares in the future upon the satisfaction of certain Vesting Conditions (listed below), in accordance with the Plan Rules (**Rules**).

Capitalised terms used in this letter have the meaning given in the Rules unless the contrary intention appears.

Particulars of the Invitation

The particulars of this invitation to you are set out below:

| Feature | Particulars |
|--|-------------------------------|
| Relevant Person for the Purposes of the Plan | You. |
| Number of Performance Rights Offered to You (Rule 3.3) | <<insert>> Performance Rights |
| Issue Price per Performance Right (Rule 4.4) | <<Nil >> |
| Proposed Grant Date | <<insert>> |

| Feature | Particulars |
|--|---|
| Exercise Price per Performance Right (Rules 8.7 and 10) | <<Nil >> |
| <<Insert name of any applicable Vesting Condition under Rules 7.6, 7.8 or 7.9.>> | <<Insert details of any such Vesting Conditions.>> |
| Restrictions on Dealing and Hedging | Performance Rights cannot be Dealt with and are not transferrable otherwise than in accordance with Rule 6. |
| Other Amendments to Rules | <<insert, or say nil>> |

Rules

A copy of the current Rules is enclosed. You should refer to them as they contain important information concerning the Plan.

Taxation

The following summary is generally applicable to you assuming you are an Australian resident who is granted Performance Rights by the Company under the Plan.

It assumes you hold any Shares acquired on exercise of the Performance Rights on capital account (which typically will be the case if you are not a trader or otherwise carry on a business of investing in Shares). It also assumes:

- (a) you are an employee of the Company or a wholly owned subsidiary; and
- (b) immediately after the acquisition of the Performance Rights you (together with your associates) do not hold a beneficial interest in more than 10% of aggregate of all the Shares in the company and you (together with your associates) are not in a position to cast, or control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of the Company. For the purposes of these tests, you must take into account the shares you could acquire by exercising any rights to acquire shares in the Company. If this 10% threshold is exceeded, you will be taxed on the value of the Performance Rights at the time of grant, rather than at the deferred taxing point as discussed below.

1. General

Division 83A of the *Income Tax Assessment Act 1997* (Cth) contains specific rules governing the taxation of Shares and Rights (called ESS interests) acquired by employees under employee share schemes (ESS). The general rule is that ESS interests (such as the Performance Rights) will be subject to tax at the time of grant unless the ESS interest meets the conditions for tax deferral. Once the ESS interest has been subject to tax under the ESS rules (at the time of grant or, where relevant,

the later time of deferral) any subsequent gains may be subject to tax under the capital gains provisions in Part 3-1 and Part 3-3 of the 1997 Act.

2. Taxing point for Performance Rights

You should be subject to tax on the Performance Rights at the time you acquire them, unless the Performance Rights meet the conditions for tax deferral. The Performance Rights should qualify for tax deferral provided that when you acquire them either:

- (a) the Plan genuinely restricts you from immediately disposing of the Performance Rights; or
- (b) the Performance Rights are subject to a "real risk of forfeiture".

The real risk of forfeiture test requires that:

- (a) there must be a real risk that, under the conditions of the Plan, the Participant will forfeit the Performance Rights or lose them (other than by disposing of them, the Performance Rights vesting or letting them lapse); or
- (b) there must be a real risk that, under the conditions of the Plan, if the Performance Rights vest, the Participant will forfeit the underlying Shares (other than by disposing of them).

Whether or not the Performance Rights are subject to a real risk of forfeiture is a question of fact and may depend on your personal circumstances. With that said, the Australian Taxation Office (ATO) has indicated that there will be a real risk of forfeiture where the minimum term of employment is at least six months and the maximum deferral is no more than three years; or where the minimum term of employment is at least 12 months.

Assuming the conditions set out above are met, you should be eligible for tax deferral until the deferred taxing point. The deferred taxing point for the Performance Rights will be the earliest of the following:

- (a) when there is no real risk of forfeiting the Performance Right and the scheme no longer genuinely restricts the disposal of Performance Right;
- (b) when the Performance Right is exercised and there is no real risk of forfeiting the resulting Share and there is no genuine restriction on the disposal of the resulting Share;
- (c) when your employment within the Company group ceases; and
- (d) fifteen years after you acquired the Performance Right.

Based on the terms of the Plan, assuming you remain as currently employed (or with an appropriate group entity), you should generally be subject to tax on the Performance Rights when you exercise them and Shares are issued (assuming that you are permitted to then sell the resulting Shares at that time e.g. the Share Trading Policy does not apply). If you are not permitted to sell the resulting Shares at the time you exercise your Performance Rights, you will be subject to tax at the first time you are permitted to sell the resulting Shares, whether or not you choose to do so,

If you cease employment prior to exercise and the Performance Rights expire or are forfeited, you should be treated as having never acquired the forfeited Performance Rights in which case, no amount will be included in your assessable income. If you cease employment prior to exercise and you are allowed to retain any Performance Rights, those Performance Rights will generally be subject to tax at the date you cease employment.

If you dispose of your Performance Rights or resulting Shares within 30 days of the original deferred taxing point, the deferred taxing point for the Performance Rights will be pushed back to the time of sale.

3. The taxable amount

You must include the market value of the Performance Rights or underlying Shares, in your assessable income at the deferred taxing point (as determined above). The market value should be determined according to ordinary principles. If you sell Shares acquired upon exercise of your Performance Rights within 30 days of the original deferred taxing point in an arm's length transaction, the market value should be the sales proceeds. If the Shares are sold in a transaction that is not arm's length, the market value must be determined (and used). In addition to income taxes, the taxable amount may also be subject to Medicare Levy as well as the Temporary Budget Repair Levy on taxable income over \$180,000.

4. Capital gains tax on subsequent sale

If you sell the Shares acquired upon exercise of your Performance Rights within 30 days of the original deferred taxing point, no amount will be assessed under the capital gains tax (CGT) provisions in Part 3-1 and Part 3-3 of the 1997 Act (the amount will be taxable as set out in section 1.3 above)

If you sell the Shares acquired upon exercise of your Performance Rights more than 30 days after the original deferred taxing point), any gain will be assessed under the CGT provisions. The gain is determined by reference to the amount by which the sales proceeds exceed the cost base of the Shares sold, assuming that the sale of Shares occurs in an arm's-length transaction. The cost base of the Shares will generally include the market value of the Performance Rights or shares, as relevant, at the deferred taxing point plus the exercise price (if any, if you exercise your Performance Rights after the deferred taxing point) and any incremental costs incurred in connection with the sale (e.g., brokers fees).

The amount of any capital gain realised must be included in your assessable income for the income year in which the Shares are sold. However, if you hold the Shares for at least one year prior to selling (excluding the date you acquired and sold the Shares), you may be able to apply a discount to the amount of capital gain that you are required to include in your assessable income. If this discount is available, you may calculate the amount of capital gain to be included in your assessable income by first subtracting all available capital losses from their capital gains and then multiplying each capital gain by the discount percentage of 50%.

You, rather than the Company, are responsible for reporting any capital gain realised from the sale of Shares and paying any applicable taxes due on such income.

If your sales proceeds are lower than your cost base in the Shares sold (assuming the sale occurred in an arm's-length transaction), you may realise a capital loss. Capital losses may be used to offset capital gains realised in the current tax year or in any subsequent tax year, but may not be used to offset other types of income (e.g., salary or wage income).

5. Tax withholding and reporting

You are responsible for reporting on your income tax return and paying any tax liability in connection with your participation in the Plan (including income arising at the deferred taxing point, any gains realised on sale of the Shares and dividends paid on the Shares).

The Company will be required to pay withholding tax in respect of the taxable amount only if you have not provided your Tax File Number to the Company by the end of the income year in which the deferred taxing point occurs. In the unusual event that you have not provided this information, the

Company is required to pay withholding tax based on the highest marginal tax rate plus Medicare Levy as well as the Temporary Budget Repair Levy on taxable income over \$180,000. The Company is entitled to recover any such withholding tax from you, including by offsetting amounts owing to you.

The Company will provide you (no later than 14 July after the end of the income year) and the Commissioner of Taxation (no later than 14 August after the end of the income year) with a statement containing certain information after the end of the income year in which the taxing point occurs, including the discount given in respect of the Performance Rights or underlying Shares, as relevant, at the deferred taxing point. However, if you sell your Shares acquired upon exercise of your Performance Rights within 30 days of the deferred taxing point and the Company is not aware of the sale, the amount to be included in their assessable income may be different to the amount reported by the Company.

Further Advice

You are advised that any advice given by the Company, its Related Bodies Corporate and their respective officers, employees and representatives is general advice only and does not take account of your particular objectives, financial situation and needs. You should consider obtaining your own financial product advice from a person who is licensed by the Australian Securities and Investments Commission to give such advice. There are risks of acquiring and holding Performance Rights and Shares. You can from time to time ascertain the market price of Shares by checking it on ASX.

The taxation consequences of participation in the Plan may differ among different persons. The Company, its Related Bodies Corporate, and their respective officers, employees and representatives make no representation concerning the financial benefit or taxation consequences of participating in the Plan.

Application for Performance Rights

If you would like to participate in this Plan you must sign the enclosed Application where indicated and return it to <<insert>> by <<insert date>> (**Acceptance Period**).

Obtaining further Information

If you have any questions concerning this letter or the Plan you should contact <<insert appropriate contact>>.

We hope you will join us in this opportunity.

Yours sincerely,

<<insert details of signatory>>

FAR Limited

**APPLICATION FOR PARTICIPATION IN THE FAR LIMITED PERFORMANCE RIGHTS
PLAN**

1. I confirm I have been given a copy of:
 - (a) the accompanying Participation Letter from FAR Limited (the **Company**) to me; and
 - (b) the Company's Performance Rights Plan Rules (**Plan**),
2. I covenant with the Company, each other Group Company and the parties to the Plan (whether original or by accession) to observe, perform and be bound by all terms of the Plan and the Participation Letter.
3. I agree to:
 - (a) accept the number of Performance Rights that are allotted by the Company to me in accordance with the terms of the Plan;
 - (b) be bound by and abide by the terms of the Plan, the Participation Letter, the Constitution and any Share Trading Policy of the Company; and
 - (c) have my name and address placed on the register of Performance Rights Holders of the Company, register of members of the Company and any other applicable statutory register.
4. I consent to the use and disclosure of my personal information for purposes related to, or required by, the Plan by the Company.
5. Capitalised terms used in this Application have the meaning given in the Plan.

.....
Name of Eligible Person

.....
Signature of Eligible Person

.....
Date

Annexure 2

Exercise Notice

To: The Company Secretary
FAR Limited

From: <<specify name of Participant>>

FAR Limited – Performance Right Plan

I refer to the FAR Limited Performance Right Plan (**Plan**) and the letter to me inviting me to apply for Performance Rights under the Plan (**Participation Letter**).

Terms defined in the Plan and Participation Letter have the same meaning in this Notice.

Pursuant to Rule 8.6 of the Plan and the Participation Letter, I hereby notify the Company that I Exercise <<insert number>> of Performance Rights as detailed in the Participation Letter.

I consent to becoming a member of the Company and agree to be bound by the terms of its Constitution.

[Insert the following only if applicable] [I <<enclose a cheque for \$<<insert>>/have deposited \$<<insert>> into the Company's bank account>> by way of payment of the Exercise Price for each of the Performance Rights.]

.....
Name of Eligible Person

.....
Signature of Eligible Person

.....
Date