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## **PACIFIC STAR NETWORK LIMITED**

**ABN 20 009 221 630**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 9.30 AM (Melbourne time)

**DATE:** Thursday 24 November 2016

**PLACE:** 473 Swan Street  
Richmond, Victoria 3121

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (03) 8420 1182.

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders of Pacific Star Network Limited to which this Notice of Meeting relates will be held at 9.30 AM (Melbourne time) on Thursday 24 November 2016 at 473 Swan Street, Richmond, Victoria 3121.

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding in the Company and your vote is important.

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### VOTING ENTITLEMENTS

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In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person as at 7.00 PM (Melbourne time) on Tuesday 22 November 2016.

Share transfers registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

### VOTING EXCLUSIONS

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#### Resolution 1

The Company will disregard any votes cast on this item, by or on behalf of:

- a member of the Key Management Personnel (which includes any director) (**KMP**); and
- a Closely Related Party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form; or the vote is cast by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

#### Resolution 3

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

- a director of the Company (except a director who is ineligible to participate in the Exempt Employee Share Plan and Employee and Executive Incentive Plan) and any associate of such a director; and
- a KMP or a Closely Related Party or associate of a KMP.

However, the Company need not disregard a vote on this resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote undirected proxies (where he has been appropriately authorised) in favour of this resolution.

#### **Resolution 4**

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

- a director of the Company (except a director who is ineligible to participate in the Exempt Employee Share Plan and Employee and Executive Incentive Plan) and any associate of such a director; and
- a KMP or a Closely Related Party or associate of a KMP.

However, the Company need not disregard a vote on this resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote undirected proxies (where he has been appropriately authorised) in favour of this resolution.

### 1. Appointing a proxy

If you are a Shareholder entitled to attend and vote at the Meeting, you are entitled to appoint one or two proxies as an alternative to attending the Meeting in person. Where more than one proxy is appointed, you may specify the number or proportion of votes that each may exercise, failing which, each may exercise half of the votes. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

If you want to appoint one proxy, please use the form provided. If you want to appoint two proxies, please follow the instructions on the front page of the proxy form.

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a Shareholder or is also a proxy for another Shareholder, your directions may not be effective on a show of hands, but your directions will be effective if a poll is required and your proxy votes.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Annual General Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### 2. How should a proxy vote

A proxy may vote or abstain from as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution, then:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- if the proxy has two or more appointments that specify different ways to vote on the resolution then the proxy must not vote on a show of hands; and
- if the proxy is the chair, then the proxy must vote on a poll and must vote that way.

If the proxy is not the chair, then the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

### 3. Lodging your proxy form

For it to be effective, the proxy form must be received by the Company no later than 9.30 AM (Melbourne time) on Tuesday 22 November 2016.

Proxy forms stating the shareholders name and contact details can be lodged:

**IN PERSON** Registered Office – Pacific Star Network Limited, 473 Swan Street, Richmond, Victoria, 3121 or Share Registry – Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia 3067

**BY MAIL** Registered Office – Pacific Star Network Limited, 473 Swan Street, Richmond, Victoria, 3121 or Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, Australia, 3001

**BY FAX** Registered Office 61 3 9421 5383 or Share Registry – 1800 783 447 (within Australia) or 61 3 9473 2555 (outside Australia)

**Custodian Voting** - For intermediary Online subscribers only (Custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

If you appoint a proxy, you may still attend the Annual General Meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the Annual General Meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of Shareholders of Pacific Star Network Limited will be held at 473 Swan Street, Richmond, Victoria at 9.30 AM (Melbourne time) on Thursday 24 November 2016.

The Explanatory Statement, is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting of the Company.

The Directors recommend Shareholders read the Explanatory Statement in full before making any decision in relation to the resolutions.

Capitalised terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### BUSINESS

##### Adoption of Financial Statements and Reports

To receive and consider the Annual Financial Report of the Company together with the Directors' and Auditor's report for the financial year ended 30 June 2016.

##### Notes

There is no requirement for Shareholders to approve those reports, however, the Chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions about the management of the Company can be sent to the Chairman, Pacific Star Network Limited, at 473 Swan Street, Richmond, Victoria 3121 or via email to [shareholder@pacificstarnetwork.com.au](mailto:shareholder@pacificstarnetwork.com.au).

Written questions on the preparation and content of the Auditor's Report, the conduct of the audit, accounting policies adopted by the Company and the independence of the auditor should also be submitted to this address no later than 5.00 PM (Melbourne time) Monday 21 November 2016.

##### Resolution 1 - Adoption of Remuneration Report for the financial year ended 30 June 2016

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

*"That for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report of the Company for the financial year ended 30 June 2016 as disclosed in the Directors' Report be adopted."*

##### Notes

The remuneration report of the Company for the financial year ended 30 June 2016 is set out on pages 11 - 21 of the Company's 2016 Annual Report (**Remuneration Report**).

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Directors recommend that Shareholders vote in favour of adopting the Remuneration Report.

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

This resolution is advisory only and does not bind the Company or its Directors.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at the Meeting when reviewing the Company's remuneration policies.

**Resolution 2 - Re-election of Mr Ron Hall**

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

*"That, Mr Ron Hall, who retires from office in accordance with the Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

**Notes**

The Directors in the absence of Mr Hall unanimously support the re-election of Mr Hall as a Non-Executive Director of the Company (with Mr Hall abstaining).

**Resolution 3 - Approval of Exempt Employee Share Plan (EESP)**

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

*"That, for the purposes of Exception 9 of Listing Rule 7.2, and for all other purposes, approval be given for the existing Exempt Employee Share Plan, on the terms detailed in the Explanatory Statement, and for the issue of securities under the Exempt Employee Share Plan."*

**Notes**

The Directors recommend that Shareholders vote in favour of this resolution.

**Resolution 4 - Approval of Employee and Executive Incentive Plan (EEIP)**

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

*"That, for the purposes of Exception 9 of Listing Rule 7.2, sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, approval be given for the existing Employee and Executive Incentive Plan, on the terms detailed in the Explanatory Statement, and for the issue of securities under the Employee and Executive Incentive Plan."*

**Notes**

Noting that, in certain limited circumstances, a non-executive Director may be eligible to receive securities under the EEIP, the Directors recommend that Shareholders vote in favour of this resolution.

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## EXPLANATORY STATEMENT

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This Explanatory Statement forms part of the Notice of Meeting and has been prepared to provide Shareholders with sufficient information to consider the resolutions contained in the Notice of Meeting.

The Annual General Meeting of the Company is to be held at 9.30 AM (Melbourne time) on Thursday 24 November 2016 at 473 Swan Street, Richmond, Victoria 3121.

### **Adoption of Financial Statements and Reports**

The annual financial report of the Company together with the Directors' Report and Auditor's Report will be laid before the Meeting. There is no requirement for Shareholders to approve these reports, however, the Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on these reports and the operations and management of the Company. Shareholders will be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Meeting, written questions about the management of the Company can be sent to the Chairman, Pacific Star Network Limited, at 473 Swan Street, Richmond, Victoria 3121 or via email to [shareholder@pacificstarnetwork.com.au](mailto:shareholder@pacificstarnetwork.com.au).

### **Resolution 1 - Adoption of Remuneration Report for the financial year ended 30 June 2016**

The Remuneration Report of the Company for the financial year ended 30 June 2016 is set out in the Company's 2016 Annual Report.

The Corporations Act provides that a resolution that the remuneration report be adopted must be put to a vote at an Annual General Meeting of a listed company. The vote on the resolution is advisory only and does not bind the Directors or the Company. Should 25% or more of the votes cast on this resolution (in person or by proxy) be against approval of the Remuneration Report, then at the 2017 Annual General Meeting the resolution to approve next year's Remuneration Report must be approved by 75% or more of the votes cast to avoid a resolution being put to the 2017 Annual General Meeting to consider a spill of the Board.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including, but not limited to:

- board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the Company;
- discussion of the relationship between such policy and the Company's performance; and
- the prescribed details in relation to the remuneration of each Director and certain executives.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the remuneration report at the Meeting before calling for a vote on the Remuneration Report.

### **Resolutions 2 - Appointment of Directors**

Listing Rule 14.4, provides that a director must not hold office (without re-election) past the third annual general meeting following the directors' appointment or three years, whichever is longer.

Under Listing Rule 14.5, the Company is required to hold an election of Directors each year. Further, clause 12.2 of the Constitution requires one third of the Directors (or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in the case of doubt) to retire from office at each annual general meeting.

#### *Mr Hall*

Mr Hall, non-executive Director, retires from office by rotation in accordance with the Constitution and the Listing Rules and, being eligible, offers himself for re-election.

Personal particulars for Mr Hall are set out in the Directors' Report in the Company's 2016 Annual Report which can be accessed via <http://www.pacificstarnetwork.com.au/investors>.

**Resolution 3 - Approval of Exempt Employee Share Plan**

On or about 28 September 2011, the Board adopted an Exempt Employee Share Plan (**EESP**).

Pursuant to the EESP, the Company can issue Shares to Eligible Employees to provide them with an incentive to deliver growth and value to Shareholders, and provide the Company with the ability to attract and retain such people.

Under the terms of the EESP:

- a) the maximum value of Shares that may be issued to each Eligible Employee on an annual basis is \$1,000. The value of the Shares issued to Eligible Employees is determined using a 5 day VWAP (calculated at the time of issue).

A summary of the principal terms of the EESP is set out in Annexure A to this Explanatory Statement. A complete copy of the EESP is available on request by emailing the Company Secretary at [info@pacificstarnetwork.com.au](mailto:info@pacificstarnetwork.com.au).

Under Listing Rule 7.1, a listed company is generally restricted from issuing more than 15% of its issued share capital in any 12 month period without shareholder approval (**15% Rule**). There are a number of exceptions to the 15% Rule, including Exception 9 of Listing Rule 7.2, which applies when there is an issue of securities under an employee incentive scheme if, within 3 years before the date of issue, holders of ordinary securities in the listed company have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

Shareholder approval is therefore sought for the issue of Shares to Eligible Employees under the EESP. If approval is given, Shares issued under the EESP in the next three years will not be considered for the purposes of calculating the capacity of the Company to issue equity securities under the 15% Rule.

Shareholders have not previously approved the EESP or the issue of Shares under the EESP for the purposes of Exception 9 of Listing Rule 7.2.

**Resolution 4 - Approval of Employee and Executive Incentive Plan**

On or about 29 April 2016, the Board adopted an Employee and Executive Incentive Plan (**EEIP**).

Pursuant to the EEIP, Shares, Options and Rights may be offered to eligible participants, to provide them with an incentive to deliver growth and value to Shareholders, and provide the Company with the ability to attract and retain such people.

The offer or grant of Shares, Options and Rights may be subject to vesting conditions and/or exercise conditions (as the case may be). Such conditions may include meeting annual KPI's.

The EEIP contains provisions concerning the treatment of vested and unvested Shares, Options and Rights in the event a participant ceases employment with the Group (including, 'good leaver' and 'bad leaver' provisions).

Under the terms of the EEIP, the Board may determine that an eligible participant is required to pay an exercise price to exercise the Options or Rights offered or granted to that eligible participant. It is currently proposed that:

- a) Options and Rights will be issued with a nil exercise price; and
- b) all Shares issued upon the exercise of any Options or Rights will be subject to an escrow period.

A summary of the principal terms of the EEIP is set out in Annexure B to this Explanatory Statement. A complete copy of the EEIP is available by emailing the Company Secretary at [info@pacificstarnetwork.com.au](mailto:info@pacificstarnetwork.com.au).



For the same reasons as those which are noted above in relation to the EESP, approval of the EEIP and the issue of securities under the EEIP is sought for the purposes of Exception 9 of Listing Rule 7.2. For the avoidance of doubt, if approval is given, Shares, Options and Rights issued under the EEIP in the next three years will not be considered for the purposes of calculating the capacity of the Company to issue equity securities under the 15% Rule.

Approval of the EEIP and the issue of securities under the EEIP is also being sought for the purposes of sections 259B(2) and 260C(4) of the Corporations Act. Under the terms of the EEIP, the Board may establish a loan facility between the Company (as lender) and an eligible participant (as borrower) in connection with the acquisition of Shares, Options or Rights. The Company may also take security over any such Shares, Options and Rights offered or granted to an eligible participant.

At a general level (and subject to an exception where an employee share scheme has been approved by a resolution passed at a general meeting of a company), the Corporations Act imposes certain restrictions on a company in connection with taking security over shares in itself (pursuant to section 259B of the Corporation Act) and financially assisting a person to acquire shares in itself (pursuant to section 260A of the Corporations Act).

Accordingly, as part of Resolution 4, the Company is seeking shareholder approval of the EEIP and the issue of securities under the EEIP, for the purposes of sections 259B(2) and 260C(4) of the Corporations Act to allow the Company to establish a loan facility with eligible participants in connection with the issue of Shares under the EEIP (and to take security over any Shares issued under the EEIP in connection with such a loan facility).

Shareholders have not previously approved the EEIP or the issues of Shares under the EEIP for the purposes of Exception 9 of Listing Rule 7.2.

**Availability of the Annual Report**

Companies are no longer required to provide an Annual Report unless an investor elects in writing to receive one.

For those Shareholders who have not elected to receive a printed copy, the Annual Report comprising the Financial Report, the Director's Report and the Audit Report of the Company can be accessed on-line via <http://www.pacificstarnetwork.com.au/investors>.

**Determination of entitlement to vote**

You will be entitled to attend and vote at the Meeting if you are registered as a holder of the Company's shares as at 7.00 PM (Melbourne time) on Tuesday 22 November 2016.

If you are not registered as a holder of the Company's shares at this time, you will not be entitled to attend or vote at the Meeting as a Shareholder.

**DATED THIS 21<sup>st</sup> DAY OF OCTOBER 2016**

**BY ORDER OF THE BOARD**

A handwritten signature in blue ink, appearing to read 'Andrew Moffat', is written over a faint, light blue circular stamp.

**Andrew Moffat**  
**Chairman**

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## GLOSSARY

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**Annual General Meeting** or **Meeting** means the Annual General Meeting of the Shareholders of the Company convened by this Notice of Meeting.

**Annual Report** means the annual report of the Company for the year ended 30 June 2016.

**ASX** means ASX Limited or the financial market operated by it, as the context requires.

**Board** means the Board of Directors.

**Chairman or Chair** means the chairman of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependant of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** or **Pacific Star** means Pacific Star Network Limited ABN 20 009 221 630.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**EEIP** has the meaning given to that term on page 8 of this Notice of Meeting.

**EESP** has the meaning given to that term on page 8 of this Notice of Meeting.

**Eligible Employees** means, for each calendar year, an employee of the Company (or any of its subsidiaries) with a continuous period of service with the Company (or any of its subsidiaries) from April to September of that calendar year.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes 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.

**Listing Rules** means the official listing rules of ASX.

**Notice of Meeting** means this Notice of Annual General Meeting and, where the context requires, includes the Explanatory Statement.

**Option** means an option issued to an eligible participant under the EEIP to acquire by way of issue a Share.

**Remuneration Report** has the meaning given to that term on page 5 of this Notice of Meeting.

**Resolutions** means the resolutions set out in this Notice of Meeting or any one of them, as the context requires.

**Right** means a right issued to an eligible participant under the EEIP to acquire by way of issue or transfer:

- a) a Share; or
- b) an option to acquire by way of issue a Share.

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

**Shareholder** means a holder of one or more Shares.

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## ANNEXURE A – SUMMARY OF EXEMPT EMPLOYEE SHARE PLAN

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Under the EESP, Shares may be allocated to Eligible Employees at no cost (i.e. for nil consideration) in recognition of their contribution to the company's performance over the previous financial year.

The EESP operates as a tax-exempt scheme. Under the terms of the EESP:

- a) the maximum value of Shares that may be issued to Eligible Employees under this 2016 approval is \$200,000; and
- b) the maximum value of Shares that may be issued to each Eligible Employee on an annual basis is \$1,000. Shares issued under the EESP are tax exempt provided an Eligible Employee does not dispose of them for a three year period from the date of issue.

All employees of the company (and any of its subsidiaries) who have six months continuous employment with the company (or any of its subsidiaries) as at 30 September each year are eligible to apply each year to receive Shares under the EESP.

Shares are only to be allocated under the EESP to Eligible Employees in accordance with an acceptance form submitted by a relevant Eligible Employee.

Eligible Employees are requested to obtain their own independent advice at their own expense on the financial, taxation and other consequences relating to participation in the EESP.

Shares issued under the EESP rank pari passu with all other Shares on issue.

**Overview**

The primary objective of the EEIP is to reward staff and key management personnel in a way that aligns payment of remuneration with generating long term shareholder value. Under the EEIP, eligible participants (including executives, officers, employees and executive Directors) selected by the Plan Committee (or the Board, if no Plan Committee is established) may be offered Shares or granted Options or Rights.

The EEIP contemplates that the Board may elect to delegate the administration of the EEIP to a Board committee, being the 'Plan Committee'. If there is no such delegation and a 'Plan Committee' is not established the Board is responsible for administering the EEIP (and any references in this summary of the principal terms of the EEIP to the 'Plan Committee' should be read as a reference to the Board).

**Eligibility**

Eligibility to participate in the EEIP and the number of Shares, Options or Rights offered to each individual participant, will be determined by the Plan Committee. An eligible participant includes a person who satisfies one or more of the following eligibility requirements and whom the Plan Committee determines to be an eligible participant:

- a) a full-time or part-time employee of a body corporate in the 'Group' (being the company and its subsidiaries), including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee;
- b) an individual who provides services to a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the EEIP;
- c) a director of a body corporate in the Group who holds salaried employment or office in a body corporate in the Group; and
- d) an executive Director.

Non-Executive Directors who do not otherwise meet the aforementioned eligibility requirements are not permitted to participate in the EEIP. Provided that a Director satisfies the eligibility criteria, then that Director will be eligible to participate in the EEIP, as determined by the Plan Committee from time to time.

**Offers and grants**

Under the rules of the EEIP, Shares, Options and Rights may be offered or granted to eligible participants from time to time, subject to the conditions (if any) determined by the Plan Committee and specified in the offer or grant.

The Plan Committee may set the terms and conditions (including conditions in relation to vesting, disposal restrictions or forfeiture and any applicable exercise price) on which it will offer Shares or grant Options or Rights under the EEIP. The Plan Committee will determine the procedure for offering Shares or granting Options or Rights (including the form, terms and content of any offer, invitation or acceptance procedure) in accordance with the rules of the EEIP.

**Ranking of Shares**

Shares issued (including Shares issued upon exercise of Options or Rights granted) under the EEIP will rank equally in all respects with other Shares on issue. Options and Rights do not carry any voting or dividend rights.

**Exercise of Options or Rights**

A participant may exercise Options or Rights in respect of which the Plan Committee has given a 'Vesting Notice' (and which have not expired or been forfeited). To exercise an Option or Right, the participant must lodge with the Company a signed 'Notice of Exercise' and comply with any requirements under the rules of the EEIP.

The Plan Committee may in its absolute discretion determine that a participant is required to pay an exercise price to exercise the Options or Rights offered or granted to that participant.

Options and Rights which have not been exercised will expire if the applicable exercise conditions are not met during the prescribed performance period or if they are not exercised before the applicable expiry date. In addition, Options and Rights will lapse if the participant deals with the Options or Rights in breach of the rules of the EEIP or in the opinion of the Directors, a participant has acted fraudulently or dishonestly.

**Vested Shares, Options or Rights**

If the offer of Shares is subject to vesting conditions, the company must give a participant a Vesting Notice upon the vesting conditions relating to the Shares issued (or transferred) to the participant having been satisfied or waived.

Similarly, if the grant of an Option or Right is subject to exercise conditions, the company must give a participant a Vesting Notice upon the Exercise Conditions relating to the Option or Right granted (or issued) to the participant having been satisfied or waived.

**Quotation and capital limits**

Options and Rights will not be quoted on ASX. The company will apply for official quotation of any Shares issued under the EEIP in accordance with the Listing Rules.

Subject to the rules of the EEIP, the Plan Committee must not offer Shares, Options or Rights if making the offer would breach the 5% capital limit on the issue of shares as set out in ASIC Class Order 14/1000 in relation to employee share schemes or contravene the Corporations Act, Listing Rules or instruments of relief issued by ASIC from time to time.

To the extent permitted by law, the Plan Committee may offer such number of Shares, Options or Rights which is greater than 5% of the issued Shares from time to time, provided that the Company will only issue up to the 5% capital limit as set out in ASIC Class Order [CO 14/1000], with the balance to be issued pursuant to other available exemptions.

**Cessation of employment and corporate control events**

The EEIP contains provisions concerning the treatment of vested and unvested Shares, Options or Rights in the event a participant ceases employment with the Group.

If a 'Corporate Control Event' (as that term is defined in the EEIP) occurs, the Plan Committee may determine that this constitutes an 'Accelerated Vesting Event' (as that term is defined in the EEIP). If an Accelerated Vesting Event occurs or is expected to occur while a participant is employed with the Group, the Plan Committee has the discretion to:

- a) bring forward the exercise date of all Options or Rights to a date determined by the Plan Committee; and
- b) waive or vary any exercise condition in regard to an Option or Right subject to any shareholder approval requirements in the EEIP.

If there are certain variations to the share capital of the company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Plan Committee may make such adjustments as it considers appropriate under the EEIP, in accordance with the provisions of the Listing Rules.