

Notice of Annual General Meeting

Notice is hereby given of the fifty-seventh Annual General Meeting of
CHALMERS LIMITED ABN 34 004 471 032

To be held at the Four Points by Sheraton Melbourne Docklands,
Level 7, 443 Docklands Drive, Docklands, Victoria on
Wednesday 1st November 2017 at 10am

Items of Business

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of Chalmers and the Reports of the Directors and Auditor for the year ended 30 June 2017.

2. Board membership limit

The Company's constitution requires that the Board comprise between three and seven members. Section 201P of the *Corporations Act 2001* (Cth) requires that shareholders approve and confirm Board membership numbers below the maximum set in the Company's constitution. The following is proposed for shareholders to consider, and if thought fit, to pass as an ordinary resolution:

"That the membership of the Board be confirmed to be six Directors."

3. Re-election of Directors

The following Directors retire in accordance with rule 87 of the Company's Articles of Association and the Australian Securities Exchange Listing Rules, and being eligible, offer themselves for re-election as directors.

The following resolutions are proposed for shareholders to consider, and if thought fit, to pass as separate ordinary resolutions to:

- (a) re-elect Mr PT Brannighan as a director.*
- (b) re-elect Mr LA Daglish as a director.*

4. Adoption of Remuneration Report

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

"To adopt the Remuneration Report for the financial year ended 30 June 2017, as set out in the Directors' Report section of the 2017 Annual Report."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes cast on this resolution are against the resolution, the Conditional Spill Resolution below will be put to shareholders for their consideration and vote.

A voting exclusion applies to this resolution – see page 3 for details.

Contingent Business

5. Conditional Spill Resolution

Item 5 will only be considered if 25% or more of the votes cast on Item 4 are against the adoption of the 2017 Remuneration Report.

If the condition, described above, is satisfied, to consider, and if thought fit, to pass as an ordinary resolution:

"That, subject to and conditional on at least 25% of the votes cast on Item 4, being cast against the Remuneration Report:

- (a) an extraordinary general meeting of the Company (**Spill Meeting**) will be held within 90 days of the passing of this resolution;*
- (b) all of the Non-executive Directors who were in office when the resolution to approve the Directors' Report for the financial year ended 30 June 2017 was passed and who remain in office at the time of the Spill Meeting (being Mr Andrew Murrowood, Mr Graham Mulligan, Mr Gary Chalmers, Mr Peter Brannighan, and Mr Layton Daglish), cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the shareholders at the Spill Meeting."*

A voting exclusion applies to this resolution – see page 3 for details.

By Order of the Board



Kane Harnden
Company Secretary

28th September 2017

Voting exclusions

Items 4 and 5

Items 4 and 5 are resolutions connected directly with the remuneration of members of Chalmers' key management personnel (**KMP**). The Corporations Act restricts KMP and their closely related parties from voting on these Items. A 'closely related party' of a KMP is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

In accordance with these requirements, Chalmers will disregard any votes cast on the resolutions in Items 4 and 5:

- (i) by or on behalf of a member of Chalmers' KMP named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- (ii) as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties.

However, Chalmers will not disregard votes cast on Items 4 and 5 if they are cast as proxy for a person entitled to vote on those Items:

- (i) in accordance with the directions on the proxy form; or
- (ii) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Items 4 and 5 are connected with the remuneration of Chalmers' KMP.

Explanatory Notes

Item 1 – Financial Report, Directors' Report and Auditor's Report

This Item of Business calls for shareholders to receive and consider the Financial Report for the year ended 30 June 2017 together with the related Directors' Report and Auditor's Report. These reports are contained in the 2017 Annual Report.

There is no requirement for a formal resolution on this Item. The Chairman will allow reasonable opportunity for shareholders at the meeting to ask questions or comment on the reports.

Item 2: Board membership limit

The Company's Constitution requires that the Board comprise between three and seven members. Section 201P of the *Corporations Act 2001* (Cth) requires that shareholders approve and confirm board membership numbers below the maximum set in the Company's Constitution. The Board is currently comprised of six Directors. The Board wishes to confirm six members as the Board size. Directors do not consider at this stage, that increasing membership of the Board to a total of seven members will provide any significant benefit to the Company. This matter will be kept under review. It should be noted that shareholders must confirm at each subsequent AGM, the maximum total membership number of the Board where it is intended to be set below the maximum provided for in the constitution.

Directors' recommendation

The Board unanimously recommend that shareholders **vote in favour** of this resolution.

Item 3: Re-election of Directors

Item 3(a): Re-election of Mr PT Brannighan as a Non-executive Director

Position: Non-executive Director

Status: Independent

Appointed: February 2015

Board Committees: Chair of the Audit Committee and a member of the Risk Management Group

Mr Brannighan has financial expertise in a range of industries. Mr Brannighan is retiring on rotation and standing for re-election in accordance with rule 87 of the Company's constitution.

Directors' recommendation

The Directors (excluding Mr Brannighan) recommend that shareholders **vote in favor** of the re-election of Mr Brannighan as a Director.

Item 3(b): Re-election of Mr LA Daglish as a Non-executive Director

Position: Non-executive Director

Status: Independent

Appointed: February 2015

Board Committees: Chair of the Risk Management Group and member of the Remuneration Committee

Mr Daglish has significant experience in logistics, warehousing and primary industry. Mr Daglish is retiring on rotation and standing for re-election in accordance with rule 87 of the Company's constitution.

Directors' recommendation

The Directors (excluding Mr Daglish) recommend that shareholders **vote in favor** of the re-election of Mr Daglish as a Director.

Item 4: Adoption of Remuneration Report

To consider and resolve to adopt the Remuneration Report for the year ended 30 June 2017 as detailed in the 2017 Annual Report.

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company. At last year's Annual General Meeting, approximately 79% of the votes cast on the resolution to adopt the 2016 Remuneration Report were cast against the resolution. Accordingly, the Company received a "first strike". It is important to note that while the Company recorded a first strike on the 2016 Remuneration Report, no reason was given to the Board, nor were any concerns raised by shareholders at last year's AGM.

For the 2017 financial year, it is important to note that:

- For the majority of senior management personnel salaries were frozen. Since 2010 senior management remuneration has increased on an average of 1% per annum.
- All directors fees were frozen, increases to directors' fees have not occurred since 2014.
- No bonuses were paid to senior management personnel.

It should be noted that even though the vote on this Item of Business is advisory only, if more than 25% of the votes cast on this Item are against adopting the Remuneration Report, the Conditional Spill Resolution in Item 5 will be put to the meeting.

Directors' recommendation

The Directors unanimously recommend that shareholders **vote in favour** of this resolution.

Item 5: Conditional Spill Resolution

At last year's AGM, more than 25% of the votes cast on the resolution to adopt the 2016 Remuneration Report were cast against the resolution and the Company received a 'first strike'.

The resolution for Item 5 is a "conditional" resolution. It is conditional on 25% or more of the votes cast on Item 4 being cast against the adoption of the 2017 Remuneration Report.

This resolution will be considered as an ordinary resolution, which means that, to be passed, the resolution requires the approval of a simple majority of the votes cast by or on behalf of shareholders entitled to vote on the matter.

If less than 25% of the votes on Item 4 are against the adoption of the Remuneration Report, then a second strike will not be recorded and the conditional spill resolution will not be put forward at the AGM.

However, if this resolution is put to the meeting and passed, then the Board will be required to convene an extraordinary general meeting within 90 days of the AGM to consider the composition of the Board. If a spill meeting is required, the date of the meeting will be notified to shareholders in due course.

If the spill meeting is held, the following Non-executive Directors will automatically vacate office at the conclusion of the spill meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr Andrew Murrowood,
- Mr Graham Mulligan,
- Mr Gary Chalmers,
- Mr Peter Brannighan, and
- Mr Layton Daglish.


Even if Mr Brannighan and Mr Daglish are re-elected at the AGM, they will still need to be re-elected at the spill meeting to remain in office following the spill meeting.

It is important to note that while the Company recorded a first strike on the 2016 Remuneration Report, no reason was given to the Board, nor were any concerns raised by shareholders at last year's AGM.


Directors' recommendation

The Directors unanimously recommend that shareholders **vote AGAINST** this resolution, if it is put to the meeting.

 **ONLINE**
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PROXY FORM

I/Webeing a member(s) of Chalmers Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Wednesday, 1 November 2017 at the Four Points by Sheraton, Level 7, 443 Docklands Drive, Docklands, VIC 3008 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 4 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, then by submitting this Proxy Form, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favor of Items 2, 3(a), 3(b) and 4, and against Item 5.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an X


Please note: to fully inform shareholders in exercising their right to vote, please be aware that if the Chairman of the Meeting is appointed as your proxy (or becomes your proxy by default), the Chairman of the Meeting intends to vote available proxies in the manner set out beside each resolution. This reflects the Board's recommendation.

Resolutions

	Chairman	For	Against	Abstain*
2 Membership of the board is confirmed to be six directors	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a) Re-election of Mr Peter Brannighan as a director	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b) Re-election of Mr Layton Daglish as a director	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of 2017 Remuneration Report	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE CHAIRMAN OF THE MEETING INTENDS TO VOTE ALL AVAILABLE PROXIES AGAINST RESOLUTION 5

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1.

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

PROXY VOTING BY KEY MANAGEMENT PERSONNEL (KMP)

The KMP of the Company (which includes each of the Directors) and their closely related parties will not be able to vote as your proxy on Resolutions 4 and 5 unless you direct them how to vote or the Chairman of the Meeting is your proxy. If you intend to appoint a member of the KMP or one of their closely related parties as your proxy, you can direct them how to vote by following the instructions on this Proxy Form.

SIGNING INSTRUCTIONS

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

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

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

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 30 October 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

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BY HAND

delivering it to Link Market Services Limited*
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* During business hours (Monday to Friday, 9:00am–5:00pm)