



AXIOM PROPERTIES LTD

ABN 40 009 063 834

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

26 November 2010

Time of Meeting

10:00am WST

Place of Meeting

Meeting Room 10
Perth Convention Centre
21 Mounts Bay Road
PERTH WA 6000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

AXIOM PROPERTIES LTD

ABN 40 009 063 834

NOTICE OF MEETING

Notice is hereby given that a **Annual General Meeting of Shareholders of Axiom Properties Ltd ABN 40 009 063 834 ("Company")** will be held at 10:00am on Friday 26 November 2010 at Meeting Room 10, Perth Convention Centre, 21 Mounts Bay Road Perth WA 6000 for the purpose of transacting the following business referred to in this Notice of Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2010, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non Binding Resolution to adopt Remuneration Report

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

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2010 be adopted."

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

2. Resolution 2 – Re-election of Mr Ian Laurance as a Director

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

"That Mr Ian Laurance, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 3 – Re-election of Professor Howe as a Director

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

"That Professor Howe, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

4. Resolution 4 – Approval of Securities under Performance Rights Plan

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

"That for the purposes of Listing Rule 7.2 Exception 9(b) of the Listing Rules and for all other purposes, the Company approves the future grant of Performance Rights and the issue of Shares under the Performance Rights Plan to Eligible Persons, the rules of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice."

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| The Company will disregard any votes cast on Resolution 4 by a Director and any associate of a Director. However, the Company need not disregard a vote if: |
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- | |
|--|
| (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and |
| (b) it is not cast on behalf of a Director or an associate of a Director. |

5. Resolution 5 – Grant of Performance Rights to Mr Ben Laurance

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

"That, subject to the passing of Resolution 4, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to grant 4,000,000 Performance Rights for no consideration under the Performance Rights Plan, to Mr Ben Laurance or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 5 by Mr Ben Laurance and any associate of Mr Ben Laurance. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Ben Laurance or an associate of Mr Ben Laurance.

6. Resolution 6 – Grant of Performance Rights to Mr Umberto Gianotti

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

"That, subject to the passing of Resolution 4, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes the Directors be and are hereby authorised to grant 4,000,000 Performance Rights for no consideration under the Performance Rights Plan, to Mr Umberto Gianotti or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 6 by Mr Umberto Gianotti and any associate of Mr Umberto Gianotti. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Umberto Gianotti or an associate of Mr Umberto Gianotti.

7. Resolution 7 – Grant of Performance Rights to Mr Michael Blakiston

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

"That, subject to the passing of Resolution 4, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to grant 2,000,000 Performance Rights for no consideration under the Performance Rights Plan, to Mr Michael Blakiston or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 7 by Mr Michael Blakiston and any associate of Mr Michael Blakiston. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Michael Blakiston or an associate of Mr Michael Blakiston.

8. Resolution 8 – Grant of Performance Rights to Professor John Howe

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

"That, subject to the passing of Resolution 4, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to grant 2,000,000 Performance Rights for no consideration under the Performance Rights Plan, to Professor John Howe or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 8 by Professor John Howe and any associate of Professor John Howe. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Professor John Howe or an associate of Professor John Howe.

9. Resolution 9 – Grant of Performance Rights to Mr Ian Laurance

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

"That, subject to the passing of Resolution 4, pursuant to and in accordance with Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to grant 2,000,000 Performance Rights for no consideration under the Performance Rights Plan, to Mr Ian Laurance or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

The Company will in accordance with section 224 of the Corporations Act disregard any votes cast on Resolution 9 by Mr Ian Laurance and any associate of Mr Ian Laurance. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of Mr Ian Laurance or an associate of Mr Ian Laurance.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of this Notice, the Explanatory Memorandum and Resolutions 1 to 9, the following definitions apply:

"**Annual Report**" means the annual report of the Company for the year ended 30 June 2010;

"**ASX**" means ASX Ltd ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Ltd;

"**Board**" means the board of Directors.

"**Company**" means Axiom Properties Ltd ABN 40 009 063 834;

"**Constitution**" means the Company's constitution, as amended from time to time;

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

"**Directors**" means the Directors of the Company;

"**Eligible Person**" means a Director or a full time or permanent part-time employee of the Company or a subsidiary of the Company or whom the Board determines in its absolute discretion is to participate in the PRP;

"**Explanatory Memorandum**" means the explanatory memorandum accompanying this Notice and includes Annexure A of the Explanatory Memorandum;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Measurement Date**" means the date at which the Performance Conditions are to be measured to determine whether that Performance Right becomes vested and therefore exercisable;

"**Meeting**" means the annual general meeting the subject of the Notice;

"**Notice**" means this Notice of Meeting;

"**Option**" means an option to acquire a Share.

"**Performance Conditions**" means conditions relating to the performance of the Company and subsidiaries of the Company for the purpose of determining the number of Performance Rights that will become vested (resulting in the issue of Shares);

"**Performance Period**" means the period set out in the offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

"**Performance Right**" means a right granted under the PRP to acquire Shares on terms, and subject to conditions, set out in the PRP;

"**PRP**" or "**Performance Rights Plan**" means the performance rights plan titled "Axiom Properties Ltd Performance Rights Plan" the subject of Resolution 4, a copy of which is attached at Annexure A;

"**Resolution**" means a resolution contained in this Notice;

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

"**Shareholder**" means the holder of a Share.

"**Trading Day**" has the meaning in the Listing Rules; and

"**VWAP**" means volume weighted average price.

By order of the Board



Gordon Hough

Company Secretary

Dated: 15 October 2010

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue no later than 20 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (ie where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that Resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction 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. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 10:00am (Perth time) on Wednesday 24 November 2010. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:

- by returning a completed proxy form in person or by post to:

Axiom Properties Ltd
Level 18, 109 St George's Terrace
PERTH WA 6000

or

- by faxing a completed proxy form to +61 8 9321 8122.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (Perth time) on Wednesday 24 November 2010. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm on 24 November 2010.

PROXY FORM

AXIOM PROPERTIES LTD

ABN 40 009 063 834

The Company Secretary

PO Box

PERTH WA 6831

Appointment of Proxy

If appointing a proxy to attend the Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We _____ of _____ being a Shareholder/Shareholders of Axiom Properties Ltd pursuant to my/our right to appoint not more than two proxies, appoint

☐

The Chairman of the Meeting
(mark with an "X")

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at The Duxton Hotel, 1 St Georges Terrace Perth WA 6000 on Friday 26 November 2010 at 10:00 am WST and at any adjournment of that meeting.

This proxy is to be used in respect of _____% of the ordinary shares I/we hold.

☐

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolutions 2, 4 and 9 and votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, then if the Chair has an interest in the Resolution other than as member, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution. The Chair intends to vote 100% of all open proxies in favour of each resolution.

Voting directions to your proxy – please mark ☒ to indicate your directions

| RESOLUTION | For | Against | Abstain * |
|---|--------------------------|--------------------------|--------------------------|
| 1. Non Binding Resolution to adopt Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Mr Ian Laurance as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-election of Professor Howe as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approval of Securities under Performance Rights Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Grant of Performance Rights to Mr Ben Laurance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Grant of Performance Rights to Mr Umberto Gianotti | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Grant of Performance Rights to Mr Michael Blakiston | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Grant of Performance Rights to Professor John Howe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Grant of Performance Rights to Mr Ian Laurance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*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.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company Secretary

Director

Director/ Company Secretary

Dated this _____ day of _____ 2010

Contact Name

Contact Business Telephone / Mobile

**Meeting
Proxy Form**

**Axiom Properties Ltd
ABN 40 009 063 834**

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attend the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
2. 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.
3. A proxy need not be a Shareholder.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a Shareholder is to attend the Meeting, the representative should bring to the Meeting a properly executed original (or certified copy) of evidence of appointment. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative as power of attorney of a Shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate power of attorney under which they have been authorised should be produced for admission to the Meeting.

8. 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, all of the Shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- 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.

9. Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 10:00am on 24 November 2010 (ie 48 hours before the commencement of the Meeting).

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

- Hand deliveries:** Axiom Properties Ltd, Level 18, 109 St George's Terrace, Perth, WA, 6000
- Postal address:** Axiom Properties Ltd, Level 18, 109 St George's Terrace, Perth, WA, 6000
- Fax number:** +61 8 9321 8122

AXIOM PROPERTIES LTD

ABN 40 009 063 834

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

FINANCIAL REPORTS

The first item of the Notice of Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2010 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2010 Annual Report. The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website (www.axiompl.com.au).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

RESOLUTION 2 - RE-ELECTION OF MR IAN LAURANCE AS A DIRECTOR

Pursuant to Clause 13.2 of the Constitution, Mr Ian Laurance, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Ian Laurance AM spent 14 years as a Member of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Lands and Regional Development. He was appointed by the Western Australian Government as the inaugural Chairman of the Midland Redevelopment Authority (2000 – 2004) and was previously Chairman of the Western Australian Sports Centre Trust for ten years (1993 – 2003).

In 2006 he was made a Member of the Order of Australia (AM) for "services to the Tourism Industry in Western Australia, to the community as a member of the Western Australian Parliament, and to sporting, environmental, and charitable organisations". Mr Laurance is also Chairman of listed mining company Arafura Resources Ltd (ASX: ARU) and Chairman of the not for profit organisation Perth Convention Bureau.

RESOLUTION 3 – RE-ELECTION OF PROFESSOR HOWE AS A DIRECTOR

Pursuant to Clause 13.2 of the Constitution, Professor Howe, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Professor Howe has over 26 years of business experience in the development and construction industry. He founded and developed his company, Weathered Howe into a highly successful international consulting group. He established a national and international reputation across a range of sectors including property, integrated tourism resorts, theme parks, special events and tall buildings.

In 2005, Professor Howe led the successful sale and integration of Weathered Howe into the 4,000 strong Hyder International Consulting Group. He now acts as an adviser to Hyder Consulting and separately acts as a special advisor to Dubai Properties on the US\$10 billion Culture Village project in Dubai. Professor Howe also acts as a specialist advisor to Limitless, the real estate development arm of Dubai World, on international and Dubai based projects.

Professor Howe holds the Degree of Bachelor of Engineering (Civil), is a member of the Institution of Engineers Australia and is currently the Honorary Professor of Integrated Engineering at Griffith University and is an Adjunct Professor at the Mirvac School of Sustainable Development at Bond University.

RESOLUTION 4 – APPROVAL OF SECURITIES UNDER PERFORMANCE RIGHTS PLAN

Introduction

The PRP was designed and drafted during 2010 and was adopted by the Board on 24 June 2010. The PRP is an incentive plan which is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward.

The Company wishes to exempt issues of securities under the PRP from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the PRP is sought under Listing Rule 7.2 Exception 9(b) whereby Shareholders may approve in advance the issue of securities made under an employee incentive scheme as an exception to the limit under Listing Rule 7.1.

2,000,000 Performance Rights have been issued under the PRP pursuant to the Company's 15% placement capacity in Listing Rule 7.1. The PRP has not previously been approved by Shareholders. A copy of the rules of the PRP is attached as Annexure A.

Reasons for the PRP

To achieve its corporate objectives, the Company needs to attract and retain its key staff.

Your Board believes that grants made to Eligible Persons under the PRP will provide a powerful tool to underpin the Company's employment strategy, and that the implementation of the PRP will:

- (a) enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the PRP ("**Participants**") with those of Shareholders; and
- (d) provide incentives to Participants to focus on superior performance that creates Shareholder value.

Outline of the PRP

Participation

The Board may from time to time in its absolute discretion issue invitations to Eligible Persons to participate in the PRP. However, it is the current intention of the Board that the PRP will only be offered to senior employees of the Company who are able to influence the achievement of the strategic objectives.

Offers to participate

An offer to Eligible Persons to participate in the PRP ("**Offer**") must set out:

- (a) the date of the Offer;
- (b) the name of the Eligible Person to whom the Offer is made;
- (c) the number of Performance Rights which are capable of vesting (resulting in the issue of Shares) if specific Performance Conditions are met;
- (d) the Performance Conditions and Performance Period in relation to the Performance Rights;
- (e) the approximate date or dates on which the Performance Conditions are to be measured (in respect of the Performance Rights) (ie the Measurement Date) in order to determine whether the Eligible Person will be issued with Shares;
- (f) the expiry date; and
- (g) the time period in which the Eligible Person may accept the Offer.

Rules of the PRP

Under the PRP, Performance Rights may be offered to Eligible Persons as determined by the Board. The vesting of Performance Rights will be subject to certain criteria. A copy of the rules of the PRP is annexed as Annexure A to this Explanatory Memorandum.

The following is a summary of the key terms of the PRP:

- (a) **Participation:** The Board retains complete discretion to make offers of Performance Rights to any Eligible Person;
- (b) **No Assignment:** Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board. Offers of Performance Rights under the PRP to Eligible Persons are personal offers and are not capable of being assigned;
- (c) **Vesting:** Performance Rights may vest in the following ways:
 - i) if the applicable Performance Conditions in relation to a Performance Period are met as at the relevant Measurement Date as set out in the Offer, the Board will determine the number of Performance Rights which will become vested Performance Rights;
 - ii) if the Eligible Person ceases to be an Eligible Person because of retirement, total or permanent disability, redundancy or death, the Board may determine the extent to which Performance Rights become vested Performance Rights; and
 - iii) in the event a takeover bid for the Company is declared unconditional, there is a change in control in the Company, or if a merger by way of scheme of arrangement has been approved by a court, than the Board will determine an alternate Measurement Date to determine whether the Performance Conditions as set out in the Offer have been met and the extent to which Performance Rights will vest;
- (d) **Lapse:** Offers of Performance Rights under the PRP will be open for the period and as otherwise specified in the Offer. If an application for Performance Rights is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any application received from an Eligible Person (or their nominee) as being validly returned;
- (e) **Issue Limitations:** The Board is not entitled to make an Offer to an Eligible Person if offers of Performance Rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital of the Company;

- (f) **Nature of Performance Rights:** A Performance Right is a right to receive a Share on the terms set out in the PRP for the relevant Performance Period subject to satisfaction of the applicable Performance Conditions. The Performance Conditions applicable to any Performance Period relating to Performance Rights shall be as set out in the Offer, including the Measurement Date, and may be as determined by the Board in its absolute discretion from time to time; and
- (g) **Amendment of PRP:** The Board retains the discretion to amend the rules of the PRP or to suspend or terminate it at any time.

RESOLUTIONS 5 - 9 - GRANT OF PERFORMANCE RIGHTS TO THE DIRECTORS

Pursuant to the PRP described above, the Company proposes to issue the following total Performance Rights to each of the Directors:

- (a) 4,000,000 Performance Rights to Mr Ben Laurance (or a nominee);
- (b) 4,000,000 Performance Rights to Mr Umberto Gianotti (or a nominee);
- (c) 2,000,000 Performance Rights to Mr Michael Blakiston (or a nominee);
- (d) 2,000,000 Performance Rights to Professor John Howe (or a nominee); and
- (e) 2,000,000 Performance Rights to Mr Ian Laurance (or a nominee).

The Directors face considerable ongoing responsibilities and challenges in their roles within the Company. The grant of these Performance Rights will provide a long term incentive for outstanding performance and promote their opportunities for Share ownership in the Company.

Overview of grant of Performance Rights

It is proposed that Mr Ben Laurance and Mr Umberto Gianotti each be granted:

- (a) 2,000,000 Performance Rights to be as soon as practicable following the Meeting ("**Tranche 1 Performance Rights**");
- (b) 1,000,000 Performance Rights to be as soon as practicable following the Meeting ("**Tranche 2 Performance Rights**"); and
- (c) 1,000,000 Performance Rights to be as soon as practicable following the Meeting ("**Tranche 3 Performance Rights**").

Mr Blakiston, Mr Ian Laurance and Professor Howe will be issued Performance Rights on the same basis as set out above save that they each will only be granted 1,000,000 Tranche 1 Performance Rights, 500,000 Tranche 2 Performance Rights and 500,000 Tranche 3 Performance Rights.

The grant date and relevant Measurement Dates for each Tranche are set out below. Vested Performance Rights are immediately exercisable.

| Tranche | Grant Date | Measurement Date |
|-----------|---|------------------|
| Tranche 1 | As soon as possible following the Meeting | 1 December 2010 |
| Tranche 2 | As soon as possible following the Meeting | 30 June 2012 |
| Tranche 3 | As soon as possible following the Meeting | 30 June 2013 |

The Performance Rights will vest only if the applicable Performance Conditions outlined below are satisfied. Subject to achievement of these conditions, one Share will be issued for each Performance Right that has vested.

Performance Conditions

The Tranche 1 Performance Rights will vest and convert into Shares on the applicable Measurement Date if the Performance Conditions are achieved.

The Tranche 1 Performance Rights are being offered to recognise the Directors' contribution to the growth of the Company up to the applicable Measurement Date. Therefore the Directors must be Directors on the Measurement Date for the Performance Rights to vest and become exercisable.

The Performance Conditions for the Tranche 2 Performance Rights will be equivalent to those for the Tranche 1 Performance Rights. The Performance Conditions for the Tranche 3 Performance Rights

will be determined by the Board and are likely to be consistent with the Performance Conditions for Tranche 1 Performance Rights and Tranche 2 Performance Rights, adjusted if necessary for any changes in strategic plans made by the Board at the time.

All Performance Rights lapse if the Performance Conditions are not satisfied or upon the termination of employment in accordance with Rule 6 of the PRP.

Related Party Transactions

The issue of performance rights to the Directors constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless either:

- (a) prior shareholder approval is obtained and the benefit is given within 15 months after obtaining such approval; or
- (b) the giving of the financial benefit falls within one of the nominated exceptions to the provision.

For the purposes of section 219 of the Corporations Act, the following information is provided in relation to the issue of these Performance Rights to the Directors.

Related parties to whom the proposed resolution would permit financial benefits to be given

- (a) The related party to whom Resolution 5 would permit the financial benefits to be given is Mr Ben Laurance, a Director;
- (b) The related party to whom Resolution 6 would permit the financial benefits to be given is Mr Umberto Gianotti, a Director;
- (c) The related party to whom Resolution 7 would permit the financial benefits to be given is Mr Michael Blakiston, a Director;
- (d) The related party to whom Resolution 8 would permit the financial benefits to be given is Professor John Howe, a Director; and
- (e) The related party to whom Resolution 9 would permit the financial benefits to be given is Mr Ian Laurance, a Director.

Nature of the financial benefits

The financial benefits to be provided to each Director, as Directors, under Resolutions 5 to 9 are Performance Rights under the PRP. A copy of the rules of the PRP is annexed as Annexure A.

None of the Directors will be required to make any payment for the grant of the Performance Rights or on the exercise of a vested Performance Right. The maximum number of Performance Rights that could vest, and hence be exercised by the Directors under Resolutions 5 to 9, are as follows:

| | Tranche 1 Earliest exercise date: Immediately upon grant | Tranche 2 Earliest exercise date: 30 June 2012 | Tranche 3 Earliest exercise date: 30 June 2013 | Total |
|----------------------|---|---|---|-------------------|
| Mr Ben Laurance | 2,000,000 | 1,000,000 | 1,000,000 | 4,000,000 |
| Mr Umberto Gianotti | 2,000,000 | 1,000,000 | 1,000,000 | 4,000,000 |
| Mr Michael Blakiston | 1,000,000 | 500,000 | 500,000 | 2,000,000 |
| Professor John Howe | 1,000,000 | 500,000 | 500,000 | 2,000,000 |
| Mr Ian Laurance | 1,000,000 | 500,000 | 500,000 | 2,000,000 |
| Total | 7,000,000 | 3,500,000 | 3,500,000 | 14,000,000 |

Directors' recommendations to members and reasons

Mr Gianotti, Mr Blakiston, Professor Howe and Mr Ian Laurance (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5 as they believe the granting of these Performance Rights to Mr Ben Laurance will align his rewards with the long-term creation of value for Shareholders.

Mr Ben Laurance declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Mr Blakiston, Professor Howe, Mr Ian Laurance and Mr Ben Laurance (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6 as they believe the granting of these Performance Rights to Mr Umberto Gianotti will align his rewards with the long-term creation of value for Shareholders.

Mr Umberto Gianotti declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Mr Ben Laurance, Professor Howe, Mr Ian Laurance and Mr Gianotti (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7 as they believe the granting of these Performance Rights to Mr Michael Blakiston will align his rewards with the long-term creation of value for Shareholders.

Mr Michael Blakiston declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Mr Ben Laurance, Mr Ian Laurance, Mr Gianotti and Mr Blakiston (who have no interest in the outcome of Resolution 8) recommend that Shareholders vote in favour of Resolution 8 as they believe the granting of these Performance Rights to Professor John Howe will align his rewards with the long-term creation of value for Shareholders.

Professor John Howe declines to make a recommendation about Resolution 8 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Mr Ben Laurance, Professor Howe, Mr Gianotti and Mr Blakiston (who have no interest in the outcome of Resolution 9) recommend that Shareholders vote in favour of Resolution 9 as they believe the granting of these Performance Rights to Mr Ian Laurance will align his rewards with the long-term creation of value for Shareholders.

Mr Ian Laurance declines to make a recommendation about Resolution 9 as he has a material personal interest in the outcome of that particular Resolution as it relates to the grant of Performance Rights to him.

Directors' interests in the outcome of the Resolutions

If Resolution 5 is passed, Mr Ben Laurance will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Mr Ben Laurance) have a relevant interest in the outcome of Resolution 5.

If Resolution 6 is passed, Mr Umberto Gianotti will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Mr Umberto Gianotti) have a relevant interest in the outcome of Resolution 6.

If Resolution 7 is passed, Mr Michael Blakiston will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Mr Michael Blakiston) have a relevant interest in the outcome of Resolution 7.

If Resolution 8 is passed, Professor John Howe will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Professor John Howe) have a relevant interest in the outcome of Resolution 8.

If Resolution 9 is passed, Mr Ian Laurance will become entitled to the Performance Rights as set out above together with the rights and entitlements associated with being a holder of such Performance Rights.

None of the other Directors (apart from Mr Ian Laurance) have a relevant interest in the outcome of Resolution 9.

Valuation of the Performance Rights

The grant of Performance Rights under the PRP are being offered to recognise the contribution of the Directors to the growth of the Company up to the Measurement Date. Therefore the Performance Condition to be met by the Directors as described above, is that they are Directors as at the measurement Date. In determining the value of the Performance Rights to be granted to the Directors, a risked statistical analysis will be used that takes into account, as at the grant date, the following variables and assumptions:

- i. (expected life of the instrument) – the Performance Rights will expire, should they not previously be exercised, no later than 5 years after the date of grant. The date of grant is assumed to be 1 December 2010;
- ii. (current price of the underlying Share) – the Share price as at 12 October 2010 is \$0.038, based on the closing price of Shares on the ASX on that date;
- iii. (expected volatility) – the price volatility of the Shares is 100 for Tranche 1, 90% for Tranche 2 and 80% for Tranche 3. The volatility is calculated with reference to the share price movements on the underlying share over similar period as the equity instruments under consideration (i.e 3 months, 2 years and 3 years);
- iv. (expected dividends) – there are no dividends presently expected to be paid in respect of the underlying Shares; and
- v. (the risk-free interest rate for the expected life of the instrument) – the risk free rate used is the yield on the Australian Government bonds with a maturity similar to the period between now and the Test date for the three tranches. We have used 4.83%, 4.86% and 4.9% as being the rate for Tranche 1, Tranche 2 and Tranche 3, respectively..

On this basis, each of the Performance Rights has an implied value as at the date of this Notice of:

| Tranche 1 – Performance Rights vesting 1 December 2010 | Tranche 2 – Performance Rights vesting 30 June 2012 | Tranche 3 – Performance Rights vesting 30 Jun 2013 |
|---|--|---|
| \$0.038 | \$0.037 | \$0.037 |

The aggregate implied value of the market-based performance rights as at the date of this Notice is therefore \$148,910 for Mr Ben Laurance, \$148,910 for Mr Gianotti, \$74,455 for Mr Blakiston, \$74,455 for Professor Howe and \$74,455 for Mr Ian Laurance.

The value of the Performance Rights referred to above for the Performance Rights to be granted to the Directors respectively will be expensed in the financial statements of the Company over the applicable vesting period of the Performance Rights.

Other remuneration currently provided to the Directors and current holdings in the Company's securities

The Directors' base salaries per annum are as follows:

| Director | Salary and Fees (\$) | Superannuation (\$) | Other (\$) |
|-----------------|-----------------------------|----------------------------|-------------------|
| Mr Ian Laurance | 40,590 | 36,410 | 10,800 |
| Mr Ben Laurance | 300,000 | 27,000 | - |
| Mr Gianotti | 390,000* | 2,700 | - |
| Mr Blakiston | 30,000 | 2,700 | - |
| Professor Howe | 30,000 | 2,700 | - |

*Based on Mr Gianotti's consultancy agreement which states that he will be paid \$30,000 per month as a consultant to the Company plus annual directors' fees of \$30,000.

As at the date of this Explanatory Memorandum, the Directors' current holdings in the Company's listed securities are as follows:

| Directors | Shares | Options |
|------------------|---------------|----------------|
| Mr Ian Laurance | 250,000 | - |
| Mr Ben Laurance | 52,400,081 | - |
| Mr Gianotti | 2,114,029 | - |
| Mr Blakiston | 1,400,000 | - |
| Professor Howe | 4,315,900 | - |

Other information known to the Company

If Resolutions 5 to 9 are approved by Shareholders it will have the effect of giving power to the Directors to grant up to:

- (a) 4,000,000 Performance Rights to Mr Ben Laurance;
- (b) 4,000,000 Performance Rights to Mr Umberto Gianotti;
- (c) 2,000,000 Performance Rights to Mr Michael Blakiston;
- (d) 2,000,000 Performance Rights to Professor John Howe; and
- (e) 2,000,000 Performance Rights to Mr Ian Laurance.

At the date of this Explanatory Statement and as noted above, each Director held a balance of nil Performance Rights.

If all of the Performance Rights granted as proposed above vest and are exercised and the Company issues new Shares to the Directors upon exercise, the effect would be to dilute the Shareholding of existing Shareholders by up to a maximum of 3.8% (assuming all of the Company's existing Options remain unexercised).

The highest and lowest market price of the Shares during the 12 months to 13 October 2010 is set out below:

| | 12 month high | 12 month low | Last market sale price on 13 October 2010 |
|-------------|---------------------------|-------------------------|--|
| Share Price | \$0.07 on 2 November 2009 | \$0.017 on 29 June 2010 | \$0.030 |

There will be no cash cost component to the Company as a result of the grant of the Performance Rights if new Shares are issued upon exercise.

Listing Rule 10.14

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires Shareholders to approve the issue of Performance Rights under the PRP to Mr Ben Laurance, Mr Umberto Gianotti, Mr Ian Laurance, Mr Michael Blakiston and Professor John Howe.

For the purposes of Listing Rule 10.15A, the following information is provided to Shareholders with respect to Resolutions 5 - 9:

- (a) the Performance Rights will be granted to each of the Directors, or their nominees, as noted above;
- (b) the maximum number of Performance Rights to be granted is 14,000,000;
- (c) the Performance Rights will be granted for no consideration. In addition, once vested, the Performance Rights become immediately exercisable. Following exercise of the Performance Rights, the Company must issue the Shares. Unless otherwise provided in the Offer, the Shares will be issued for no consideration;
- (d) no funds will be raised by the grant of the Performance Rights;
- (e) all Directors, or their permitted nominees, are entitled to participate in the PRP;
- (f) no Directors, or their permitted nominees, have received any Performance Rights under the PRP;
- (g) details of the Performance Rights issued under the PRP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under Listing Rule 10.14;
- (h) no loan will be offered to any of the Directors in relation to the acquisition of the Performance Rights or any Shares resultant from the exercise of the Performance Rights;
- (i) any persons who become entitled to participate in the PRP after this Resolution is approved and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (j) the Performance Rights will be issued as soon as practicable after the Meeting, but in any event no later than 3 years after the Meeting.

ANNEXURE A

Rules of the Performance Rights Plan

1. PURPOSE

The Performance Rights Plan is a long term incentive aimed at creating a stronger link between employee performance and reward and increasing shareholder value by enabling Participants to have a greater involvement with, and share in the future growth and profitability of, the Company.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules the following terms have the following meanings:

"Application Form" means an application form by which an Eligible Person or a Permitted Nominee can accept an Offer in such form as the Board may approve from time to time;

"Allocate" means granting a right to acquire unissued Shares, or if there is no such grant, the issue and allotment of Shares;

"ASIC" means Australian Securities and Investments Commission;

"ASX" means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Board" means the board of directors of the Company from time to time;

"Change of Control Event" means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company;

"Company" means Axiom Properties Limited ACN 009 063 834 whose registered office is at Level 18, 109 St Georges Terrace, Perth, Western Australia 6000;

"Constitution" means the constitution of the Company;

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

"Eligible Person" means a director or a full time or permanent part-time employee of a Group Company whom the Board determines in its absolute discretion is to participate in the Plan;

"Expiry Date" means the day ending at 5.00 pm Perth time on the date 3 years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion and specified in the Offer;

"Group" means the Company and its Subsidiaries (if any) from time to time and a "Group Company" means any one of them;

"Law" means the laws of Australia;

"Legal Personal Representative" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"Listing Rules" means the listing rules of the ASX as amended from time to time;

"Measurement Date" in relation to a Performance Right means the date at which Performance Conditions are to be measured to determine whether that Performance Right becomes a Vested Performance Right;

"Offer" means an offer to participate in the Plan in respect of a Performance Period in accordance with clause 3.1;

"Participant" means an Eligible Person or their Permitted Nominee, as the case may be, who returns a duly completed Application Form and to whom Performance Rights are granted under the Plan;

"Performance Conditions" means the conditions relating to the performance of the Group (and the manner in which those conditions will be tested) for the purposes of determining the number of a Participant's Performance Rights which may be exercised, as set out in the Offer;

"Performance Period" means the period set out in the Offer for the purpose of determining the extent (if any) to which the Performance Conditions have been met;

"Performance Right" means a right granted under clause 4.1(a) to acquire a Share on the terms set out in the Plan for the relevant Performance Period, subject to the Performance Conditions;

"Permitted Nominee" has the meaning given to it under clause 3.3(b);

"Plan" means the Performance Rights Plan of the Company;

"Redundancy" means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

"Retirement" means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

"Security Interest" means a mortgage, charge, pledge, lien or other encumbrance of any nature;

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

"Share Trading Policy" means the Company's share trading policy pursuant to its corporate governance system as published on the Company's website;

"Subsidiary" means a body corporate which is a subsidiary of the Company within the meaning of section 9 of the Corporations Act;

"Specified Reason" means Retirement, Total and Permanent Disablement, Redundancy or death;

"Total and Permanent Disablement" means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

"Unvested Performance Rights" means Performance Rights which are not yet exercisable in accordance with the Plan; and

"Vested Performance Rights" means Performance Rights which are immediately exercisable in accordance with the Plan.

2.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a clause is to a clause of the Plan.

- (f) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by the Plan.
- (g) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (i) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (j) Mentioning anything after include, includes or including does not limit what else might be included.

3. OFFER TO PARTICIPATE

3.1 Offers

- (a) The Board may from time to time in its absolute discretion issue or cause to be issued Offers on behalf of the Company to Eligible Persons. That Offer will be in such form as the Board determines from time to time and will include the following information:
 - (i) the date of the Offer;
 - (ii) the name of the Eligible Person to whom the Offer is made;
 - (iii) the number of Performance Rights which are capable of becoming exercisable if Performance Conditions are met;
 - (iv) the Performance Conditions and Performance Period;
 - (v) the approximate Measurement Date(s) in respect of the Performance Rights;
 - (vi) the Expiry Date; and
 - (vii) the time period in which to accept the Offer by returning a duly completed Application Form.
- (b) Offers may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons or to Eligible Persons within the same class, as the case may be.

3.2 Application Form

- (a) An Eligible Person who receives an Offer can only participate in the Plan by returning a duly completed Application Form within the time period and as otherwise specified in the Offer.
- (b) An Eligible Person may nominate a person to whom the Eligible Person wishes to be granted all the Performance Rights as specified in the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow the grant of the Performance Rights to the nominee without giving any reason for such decision.
- (c) If an Application Form is not returned within the time specified or otherwise in accordance with the requirements set out in the Offer, the Board may nevertheless in its sole discretion treat any Application Form received from an Eligible Person (or their nominee) as being returned in accordance with clause 3.2(a).
- (d) For the avoidance of doubt, the Board in its sole discretion can refuse to allow an Eligible Person (or their nominee) to participate in the Plan even though a duly completed Application Form is received from the Eligible Person (or their nominee) in accordance with clause 3.2(a).

3.3 Participants

Subject to clause 3.2(d), following:

- (a) receipt of a duly completed Application Form by an Eligible Person; or
- (b) the Board resolving to allow the grant of Performance Rights to an eligible person's nominee ("Permitted Nominee") and the Permitted Nominee giving the Company a duly completed Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by rules of this Plan and will be granted Performance Rights subject to these rules. On the grant of Performance Rights following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

4. GRANT OF PERFORMANCE RIGHTS

4.1 Grant

- (a) As soon as practicable after the receipt of a duly completed Application Form, the Company will grant to each Participant the number of Performance Rights as set out in the Offer.
- (b) A Participant will not pay anything for the grant of Performance Rights.
- (c) An Eligible Person has no entitlement to be granted any Performance Rights unless and until such Performance Rights are granted.
- (d) None of the Performance Rights will be listed for quotation on any stock exchange.

4.2 Not transferable

Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

4.3 Security Interest

Subject to clause 4.2, Participants will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are issued to that Participant, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

4.4 New issues

A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

4.5 Dividend and Voting Rights

Performance Rights will not give any right to participate in dividends or any voting rights until Shares are issued to a Participant pursuant to the exercise of Vested Performance Rights.

5. VESTING AND EXERCISE OF PERFORMANCE RIGHTS

5.1 Performance Conditions

The Performance Conditions applicable to any Performance Period relating to Performance Rights shall be as set out in the Offer, including the Measurement Date, and shall be as determined by the Board in its absolute discretion from time to time.

5.2 Determination of number of Vested Performance Rights

As soon as reasonably practicable after each Measurement Date applicable to any Performance Period, the Board shall determine in respect of each Participant as at that Measurement Date:

- (a) whether, and to what extent, the Performance Conditions applicable up to the Measurement Date have been satisfied;
- (b) the number of Performance Rights (if any) that will become Vested Performance Rights as at the Measurement Date;
- (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Conditions as at the Measurement Date; and
- (d) the number of Performance Rights (if any) in respect of the Performance Period that continue as Unvested Performance Rights,

and shall provide written notification to each Participant as to that determination.

5.3 Exercise of Performance Rights

- (a) Unless and until Performance Rights are exercised and the relevant Shares are issued to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (b) A Performance Right can only be exercised before the Expiry Date and if, at the time of exercise, it is a Vested Performance Right that has not lapsed under clause 6.
- (c) Unless otherwise provided in the Offer, no amount shall be payable by a Participant on the exercise of Performance Rights.
- (d) The exercise of any Performance Right may only be effected on the first Business Day of a month (or such other date as determined by the Board) and in such form and manner as the Board may prescribe.
- (e) The exercise of some Performance Rights only does not affect the Participant's right to exercise other Performance Rights at a later time.
- (f) Following exercise of Performance Rights, the Company must issue to the person exercising the Performance Right the number of Shares in respect of which the Performance Rights have been exercised (as adjusted under clause 11.2, if relevant), credited as fully paid.
- (g) All Shares issued to a Participant under this Plan, will, from the date of issue, rank equally with all other issued Shares. The Company will apply for official quotation of these Shares on each stock exchange on which Shares are quoted.
- (h) A Participant who wishes to trade any Shares issued under this Plan must do so in accordance with the Company's Share Trading Policy.

6. TIME OF LAPSE OF PERFORMANCE RIGHTS

Unless otherwise determined by the Board, a Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of:

- (a) where Performance Conditions have not been satisfied on the Measurement Date - the date the Board makes a determination under clause 5.2(c) that the Performance Right will lapse;
- (b) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason - the date of lapse under clause 7.1(b);
- (c) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason - the date of lapse either under clause 7.1(a) or clause 7.2(a);
- (d) the day the Board makes a determination that the Performance Rights lapses under clause 8;
- (e) the date of lapse under clause 9.2; and
- (f) the Expiry Date.

7. CESSATION OF EMPLOYMENT OR OFFICE

7.1 Unvested Performance Rights

Unless otherwise determined by the Board:

- (a) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any Unvested Performance Rights held by such Eligible Person, or if appropriate, their Permitted Nominee, will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Unvested Performance Rights held by them within:
 - (i) 6 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, determining the extent to which Unvested Performance Rights that have not lapsed will become Vested Performance Rights. Performance Rights the subject of clause 7.10 not exercised within the 6 months or the longer period determined by the Board, will automatically lapse.

7.2 Vested Performance Rights

Unless otherwise determined by the Board:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Vested Performance Rights held by them within:
 - (i) 1 month of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,and any Vested Performance Rights the subject of this clause not exercised within the 1 month longer period determined by the Board, will automatically lapse; and
- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee is entitled to exercise any Vested Performance Rights at any time prior to its Expiry Date.

7.3 Secretary's Certificate

A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

7.4 Death of a Participant

Subject to clauses 7.1(b) and 7.2(b), if at any time prior to the Expiry Date of any Performance Rights a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Participant's Performance Rights; and
- (b) whether or not the deceased Participant's Legal Personal Representative becomes so registered, exercise those Performance Rights in accordance with and subject to the rules of this Plan as if they were the holder of such Performance Rights.

8. BREACH, FRAUD OR DISHONESTY

If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to any Group Company then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

9. CHANGE OF CONTROL

9.1 Vesting upon change of control

All of a Participant's Unvested Performance Rights that have not lapsed will become Vested Performance Rights:

- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
- (b) at any time after a Change of Control Event has occurred; or
- (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act,

(each a "Notification Event").

9.2 Notification to Participants

Upon a Notification Event occurring, the Board may notify each Participant in writing that if the Participant wishes to exercise any of their Vested Performance Rights, the Participant must do so within the period specified in the notice ("Change of Control Notice Period"), and any Vested Performance Rights that are not exercised within the Change of Control Notice Period will lapse at the end of the Change of Control Notice Period.

9.3 Lapse of Performance Rights

Unless the Board determines otherwise Vested Performance Rights that are not exercised by the end of the Change of Control Notice Period shall lapse at the end of the Change of Control Notice Period.

10. ADMINISTRATION OF THE PLAN

- (a) The Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Plan to any one or more persons (including, but not restricted to, a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.
- (b) The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
- (c) The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
- (d) Shares to be provided under the Plan will be satisfied by the issue of new Shares.
- (e) Where the Board is required to make a determination or is entitled to exercise discretion in respect of the Plan, that determination or discretion shall be exercised reasonably and in good faith, unless provided otherwise.

11. CAPITAL EVENTS

11.1 Variation of Capital

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 11.2 in accordance with the provisions of the Listing Rules.

11.2 Adjustments

An adjustment made under this clause will be to one of the following:

- (a) the number of Shares which may be issued upon exercise of any Performance Rights; or
- (b) where Performance Rights have been exercised but no Shares have been issued following the exercise, the number of Shares which may be issued.

11.3 Notice of Variation

As soon as reasonably practicable after making any adjustment under clause 11.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

12. RIGHTS OF PARTICIPANTS

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person or Participant the right to continue as an employee or officer of any Group Company;
- (b) confers on any Eligible Person the right to become or remain an Eligible Person or Participant or to participate under the Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements;
- (d) affects the rights and obligations of any Eligible Person or Participant under the terms of their office or employment with any Group Company;
- (e) affects any rights which a Group Company may have to terminate the employment or office of an Eligible Person or Participant or will be taken into account in determining an Eligible Person or Participant's termination or severance pay;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any such termination; and
- (g) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person or Participant.

13. AMENDMENT, TERMINATION AND SUSPENSION

- (a) If the Plan has been approved by the Company's shareholders at any stage, grants of Performance Rights under this Plan may only be made for a period of 3 years commencing on the date on which the Plan is so approved.
- (b) Subject to clause 13(c), the Board may at any time and from time to time by resolution alter the Plan.
- (c) Any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment of the rules of an employee incentive scheme imposed by the Listing Rules.
- (d) The Board may at any time, and at its complete discretion, suspend or terminate the Plan without notice to Participants. The suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan and the terms of the Plan will continue to apply to such grants.

14. GENERAL

14.1 Law, Listing Rules and the Constitution

The Plan and all offers and issues of Performance Rights under the Plan are subject to the Law, the Listing Rules and the Constitution, each as in force from time to time.

14.2 Issue limitations

- (a) The number of Shares to be received on exercise of the Performance Rights the subject of an Offer when aggregated with:
 - (i) the number of Shares which would be issued were each outstanding offer or Performance Right, being an offer made or Performance Rights granted pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company, exercised; and
 - (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company;

but disregarding any offer made, or Performance Rights acquired or Share issued by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (v) an offer made under a disclosure document,

must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the Offer.

- (b) Where the Performance Right lapses without being exercised, the Shares concerned are ignored when calculating the limits in this clause.

14.3 Costs and Expenses

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares (except for taxes which are payable by Participants for the Performance Rights) for the purposes of the Plan. Each Group Company will, if required by the Board, reimburse the Company for any such costs and charges to the extent that they relate to its employees officers or former employees or officers.

14.4 Withholding

- (a) If any person (not being the Participant) is obliged as a result of or in connection with the grant, vesting, or exercise of any Performance Rights to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- (b) Where clause 14.4(a) applies, the Company is not obliged to pay the relevant amount or issue the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or otherwise to be issued to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale (e.g. stamp duty, brokerage, etc.)

14.5 Data protection

By returning an Application Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

14.6 Error in Allocation

If any Performance Right is provided under this Plan in error or by mistake to a person ("Mistaken Recipient") who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in that Performance Right and those Performance Rights will immediately lapse.

14.7 Dispute

Any disputes or differences of any nature arising under the Plan will be referred to the Board and its decision will be final and binding in all respects.

14.8 Notices

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post or fax or email, in the case of a company to its registered office (or any other address notified by that company from time to time ("Notified Address")) or the fax number (if any) of that registered office (or Notified Address), and in the case of an individual to their last known address, fax number, email address or, if they are a director or employee of a Group Company, either to their last known address, fax number or to the address of the place of business at which they carry out all or most of their duties, or to the fax number or email address relating to that address.

14.9 Governing Law

- (a) This Plan and the rights of Eligible Persons and Participants under the Plan are governed by the laws in force in the State of Western Australia, Australia.
- (b) Each Participant and the Company irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Courts of Western Australia, the Commonwealth of Australia and Court entitled to hear appeals from those Courts.