



Salmat Limited

ABN 11 002 724 638

Level 3, 116 Miller Street

North Sydney NSW 2060, Australia

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www.salmat.com.au

20 October 2014

Dear Shareholder

Annual General Meeting

On behalf of the Salmat Board, I am pleased to invite you to the 2014 Annual General Meeting (AGM) of Salmat Limited (Company) on Friday 21st November 2014. The meeting will be held at the AGL Theatre, Museum of Sydney, corner of Bridge and Phillip Streets, Sydney NSW 2000, beginning at 10.00am Sydney time.

At the meeting, I will comment briefly on the Company's performance during the year to 30 June 2014 and provide further detail around progress on the current growth strategy. You are also referred to the commentary and overview provided in the Company's annual report.

Resolutions

This year we submit the following resolutions to shareholders for their consideration.

- ☐ **Adopt the Remuneration Report for the year ending 30 June 2014**
- ☐ **Re-election of Director – John Thorn**
- ☐ **Re-election of Director – Ian Elliot**
- ☐ **Re-election of Director – Mark Webster**
- ☐ **Approve issue of shares under the Salmat Exempt Employee Share Plan**
- ☐ **Approve issue of shares under the Salmat Deferred Employee Share Plan**
- ☐ **Approve issue of options under the Salmat Executive Performance Option Plan**

The Board of Salmat Limited unanimously recommends these resolutions to shareholders.

Annual Report

For those shareholders who have chosen to receive a printed version of the annual report, please find it enclosed in this package. If you have opted not to receive a printed version, you can access the annual report on our website at www.salmat.com.au.

Information on Voting

If you wish to participate in the meeting you will need to attend in person, or appoint a proxy to act on your behalf.

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of shares as at 7pm on Wednesday 19th November 2014. Please note: The deadline for lodgement of proxy forms is 10am on this same day.

Should you be unable to attend, an audiocast of the meeting will be available at www.salmat.com.au on the day. However you will not be able to participate in the meeting without being present or appointing a proxy.

Please find enclosed a Notice of Meeting, a personalised proxy form and a reply paid envelope. Instructions on how to appoint a proxy are detailed on the back of the proxy form. Please be aware that proxy forms must be received no later than 48 hours prior to the commencement of the meeting in order to be valid for the meeting.

Salmat has provided for electronic lodgement of proxies by its shareholders and encourages you do to so. If you wish to avail yourself of this service and have not already done so, you can do this by visiting www.linkmarketservices.com.au and clicking on 'PROXY VOTING' and then follow the prompts. We recommend that you have your proxy form with you when you log on (this document contains your SRN/HIN reference number which you will need to enter into the Link website).

If your shares are held in a name other than your personal name, you will need to lodge a valid proxy form before the proxy closing time. If a holding is in the name of a company, then a valid Corporate Representative form will allow a holder to enter the meeting and vote on behalf of the company.

If you plan to attend the AGM in person, please bring with you suitable identification, your personalised proxy form or evidence of your authority to attend (by proxy or as Corporate Representative). Registration will commence at 9.00am.

We thank you for your continued support and look forward to welcoming you at the meeting.

Yours faithfully,



Peter Mattick
Chairman

SALMAT LIMITED

ACN 002 724 638
(the Company)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Salmat Limited will be held on Friday 21st November 2014 at the AGL Theatre, Museum of Sydney, corner Bridge and Phillip Streets, Sydney NSW 2000 commencing at 10.00am Sydney time. Registration will open at 9.00am.

ORDINARY BUSINESS

To consider the following matters:

1. Financial Statements

To consider and receive the Financial Reports, the Director's Report and the Auditor's Report of Salmat Limited for the year ended 30th June 2014.

2. Remuneration Report

To consider, and if thought fit, to pass the following as a non-binding advisory resolution in accordance with Section 250R(2) of the Corporations Act 2001.

That the Remuneration Report of the Company for the year ended 30th June 2014 be adopted.

Note: Votes cast in respect of this resolution are advisory only, and are not binding on the Company or its directors. However, certain provisions of the Corporations Act, known as the "two strikes" rules come into effect if the Remuneration Report resolution receives "no" votes of 25% or more of the votes at two successive annual general meeting. To date the Company has **not** received less than 25% of votes cast in favour of the Remuneration Report at any annual general meeting.

See voting exclusion in Notes below.

3. Re-election of Director – John Thorn

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

That John Thorn, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

4. Re-election of Director – Ian Elliot

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

That Ian Elliot, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

5. Re-election of Director – Mark Webster

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

That Mark Webster, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

6. Salmat Exempt Employee Share Plan

To consider, and if thought fit, to approve issues of shares, if determined as appropriate by the Board, under the Salmat Exempt Employee Share Plan as set out in the Explanatory Statement for **Resolution 6** accompanying this Notice of Meeting for the purposes of ASX Listing Rule 7.2 exception 9(b).

Note: See voting exclusion in Notes below.

7. Salmat Deferred Employee Share Plan

To consider, and if thought fit, to approve issues of shares, if determined as appropriate by the Board, under the Salmat Deferred Employee Share Plan as set out in the Explanatory Statement for **Resolution 7** accompanying this Notice of Meeting for the purposes of ASX Listing Rule 7.2 exception 9(b).

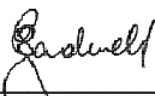
Note: See voting exclusion in Notes below.

8. Salmat Executive Performance Option Plan

To consider, and if thought fit, to approve issues of options to acquire shares, if determined as appropriate by the Board under Salmat Executive Performance Option Plan as set out in the Explanatory Statement **Resolution 8** accompanying this Notice of Meeting for the purposes of ASX Listing Rule 7.2 exception 9(b).

Note: See voting exclusion in Notes below.

On behalf of the Board
Stephen Bardwell
Company Secretary



20 October 2014

NOTES

Voting Exclusion

For Resolution/ Item 2- Remuneration Report)

In accordance with Section 250R(4) and (5) of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by:

- (a) a member of the Company's Key Management Personnel; and
- (b) a closely related party of a member of the Company's Key Management Personnel.

Unless:

- (c) it is cast by a person as a proxy for a person who is otherwise entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is otherwise entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For Resolutions/ Items 6, 7 and 8-Share and Option Plans

In accordance with Listing rule 14.11.1, the Company will disregard any votes cast on this resolution by:

- (a) all Directors of the Company; and
- (b) any associate of a Director of the Company,

(except one who is ineligible to participate in any employee incentive scheme in relation to the Company).

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is otherwise entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is otherwise entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Eligibility to Vote

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as at 7 pm on Wednesday 19th November 2014. Please note: The deadline for lodgement of proxy forms is 10am on this same day.

Annual Report

For a direct link to Salmat's online interactive annual report, visit www.salmat.com.au and then click on INVESTOR INFORMATION/ REPORTS & RESULTS. It has been split for ease of reference into two sections including the shareholder review and full financials.

Proxies

If you cannot attend, you may appoint a proxy to attend and vote for you.

Each member may appoint a proxy. The proxy need not be a member of the Company.

If you wish to appoint a proxy and you are entitled to 2 or more votes then you may:

- (a) appoint two proxies; and
- (b) specify the proportion or number of votes each proxy may exercise. If you do not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of your votes (disregarding fractions).

A form for the appointment of a proxy is enclosed with this notice.

To be effective, all proxies must be lodged:

- ☐ by mailing it to the share registry of the Company, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia
- ☐ by facsimile to Link Market Services Limited on +612 9287 0309;
- ☐ by going online at www.linkmarketservices.com.au and then clicking on "PROXY VOTING"; or
- ☐ by hand delivery to: Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000,

no later than 48 hours before the time for the holding of the meeting, which is by **10.00 am (Sydney time) on Wednesday 19th November 2014**

How the Chairperson will vote undirected proxies

Where possible, the Chairperson intends to vote undirected proxies in favour of all the resolutions.

The following definitions apply to the Notice of Meeting

Closely Related Party means the closely related parties of Key Management Personnel as defined in the Corporations Act 2001, and includes certain members of their family, dependents and companies they control.

Key Management Personnel of the company are the directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to June 30 2014.

EXPLANATORY NOTES

Item 1- 2014 Financial Report

The Corporations Act and the Company's Constitution require the Company's annual financial report, directors' report and auditor's report to be received and considered at the annual general meeting of shareholders.

Neither the Corporations Act nor the Company's Constitution require a vote of shareholders on the reports. However, in accordance with the Corporations Act and the Company's past practice, shareholders will have the opportunity to ask questions and make comments on the reports, and the Company's business and operations. A reasonable opportunity will also be given to shareholders as a whole to ask the auditor questions relevant to the conduct of the audit and the preparation and contents of the auditor's report.

Item 2 - Remuneration Report

The Remuneration Report is for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 12 to 20 of the Salmat Limited Annual Report 2014. It is also available on Salmat's internet site (www.salmat.com.au).

The report:

- ☐ explains the Board's policies in relation to the nature and level of remuneration paid to directors and senior executives within the Company;
- ☐ discusses the link between the Board's policies and the Company's performance;
- ☐ provides a detailed summary of the performance conditions, explaining why they were chosen and how performance is measured against them;
- ☐ sets out remuneration details for each director and for the Company's Key Management Personnel; and
- ☐ makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

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

All shareholders are strongly encouraged to cast their vote.

The Board recommends that shareholders vote in favour of adoption of the Remuneration Report.

Voting exclusion

In accordance with Section 250R(4) of the Corporations Act, Key Management Personnel and a closely related party of any Key Personnel may not vote on this resolution except in accordance with Section 250R(5).

Item 3 - Re-election of Mr John Thorn

In accordance with the Constitution, one of our non-executive directors, Mr John Thorn is due to retire at this meeting and, being eligible, offers himself for re-election.

John Thorn has been on the Board of Salmat Limited since September 2003. He is the lead independent director and chairman of the audit, risk and compliance committee of the company.

John is a professional director and brings expertise to the board in the areas of accounting, financial services, mergers and acquisitions, business advisory, risk management and general management. He has 38 years of professional experience with PricewaterhouseCoopers (PwC), where he was a partner from 1982 to 2003 advising major international and Australian companies. He served on the firm's Board, was the Managing Partner of PwC Assurance and Business Advisory practice and was National Managing Partner of PwC until 2003. He has experience in Asia having lived and worked in Singapore and Indonesia. John is a non-executive director of Amcor Limited (appointed December 2004), National Australia Bank Limited (appointed October 2003) and former director of Caltex Australia Limited (June 2004-2013).

His board committee experience included audit committees (chairman), human resources committees, IT committees, nomination committees and risk committees.

The Board recommends the re-election of Mr Thorn.

Item 4 - Re-election of Mr Ian Elliot

In accordance with the Constitution, one of our non-executive directors, Mr Ian Elliot is due to retire at this meeting and, being eligible, offers himself for re-election.

Ian Elliot has been on the Board of Salmat Limited since 2005. He is chairman of the Remuneration and Compensation Committee of the Board.

Mr Elliot is a non-executive director of Hills Industries Limited and is on the board of the Australian Rugby League. He is a former chairman of Promentum Limited and former member of the Board of the National Australia Day Council and is a Fellow of the Australian Institute of Company Directors. He is a former Chief Executive Officer of George Patterson Bates and a graduate of the advanced management program of the Harvard Business School.

The Board recommends the re-election of Mr Elliot.

Item 5 - Re-election of Mr Mark Webster

Mark Webster was appointed to the board as a non-executive director in December 2013. In accordance with the Company's Constitution, Mark retires at the first meeting of shareholders following his appointment and, being eligible, offers himself for re-election.

Mark is managing director of the thoroughbred sales group William Inglis and Son Limited, Australia's leading thoroughbred auctioneers since 1867. Inglis is a world leader in the provision of digital services for the buying and selling of horses for racing and equestrian pursuits. Mark has introduced numerous digital innovations into the equine industry since joining Inglis in 2007, many are world firsts.

He has a strong media and digital background, having previously worked for News Limited for eight years, including managing the online classified business in its early days and heading up the News interactive division, taking news.com.au to the number 1 position. Mark has also served on a number of boards over the past ten years including REA Limited (realestate.com.au) and Nationwide News Limited.

The Board recommends the re-election of Mr Webster.

Item 6 - Salmat Exempt Employee Share Plan ("EESP")

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue to 15% of each class of securities within any 12-month period without shareholder approval. An exception to this rule is set out in ASX Listing Rule 7.2, exception 9 (b), which provides that issues under an employee incentive scheme approved by shareholders are exempt from inclusion in any

calculation under ASX Listing Rule 7.1 if those shares are issued within 3 years from the date of approval. The last approval was given at the November 2011 Annual General Meeting.

This resolution does not of itself result in any shares being issued but continues the flexibility of the Board to make such issues if it considers them appropriate.

The following is a summary of the terms of the Salmat Exempt Employee Share Plan:

Summary

EESP enables eligible employees to acquire up to \$1,000 Salmat shares each year on a tax-exempt basis. An initial offer was made to eligible employees at the time of the IPO on a matching offer basis.

No new shares have been issued under EESP since the date of the last approval, as all acquisitions were by way of on-market purchases. A total of 176,228 shares remain outstanding under the EESP as at 24th September 2014.

Entitlement to Shares

Employees must hold shares offered under EESP for three years while they remain employed.

Forfeiture of Shares

Shares offered under EESP cannot be subject to forfeiture.

Shareholding Rights

Shares issued under the Plan carry full shareholder rights such as in relation to rights and bonus issues, voting and dividends but will not participate in any dividend reinvestment plan.

Variation of Rules

The Board may alter the rules or their application subject to the ASX Listing Rules. The prior approval by ordinary resolution of shareholders will generally be required for amendments which are to the advantage of participants and which relate to certain specified events.

Limitation on Issues

The number of shares that may be issued or acquired under the Plan when aggregated with the number of shares issued or acquired during the previous 5 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted during the previous 5 years under any such employee share scheme) must not exceed ten (10) percent of the total number of shares on issue.

Voting Exclusion

In accordance with ASX Listing Rule 14.11.1, the directors and their associates must abstain from voting on this resolution.

Item 7. Salmat Deferred Employee Share Plan ("DESP")

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue to 15% of each class of securities within any 12-month period without shareholder approval. An exception to this rule is set out in ASX Listing Rule 7.2, exception 9 (b), which provides that issues under an employee incentive scheme approved by shareholders are exempt from inclusion in any calculation under ASX Listing Rule 7.1 if those shares are issued within 3 years from the date of approval. The last approval was given at the November 2011 Annual General Meeting.

The following is a summary of the terms of the Deferred Employee Share Plan:

Summary

DESP allows invited eligible employees, including Directors, to receive Salmat shares as a bonus/incentive or as a remuneration sacrifice and, subject to certain conditions, not pay tax for up to 7 years on the benefit.

532,148 shares have been acquired under DESP since the date of the last approval. A total of 421,513 shares (comprising; 158,974 DESP shares and 262,540 unallocated shares) remain outstanding under the DESP as at 24th September 2014.

Operation of Plan

The Plan operates under a Trust. The participant's ownership of the shares, and his or her right to deal with them, are governed by the Trust Deed. The Trustee holds the shares until the shares have vested with the particular participant subsequent to satisfaction of any performance and/or criteria and the Company has accepted an application for withdrawal.

Entitlement to Shares

Prior to satisfaction of any performance and/or service criteria a participant will only have a conditional entitlement to the shares. The conditional entitlement to the shares will lapse if any performance and/or service criteria are not met prior to the time of the vesting of the shares. However Participants may at any time submit a notice of withdrawal of shares held by them in the event of Special Circumstances. Special Circumstances is defined as Retirement, Redundancy, Death or Permanent Disablement of a participant, or such other circumstances as determined by the Board from time to time.

Forfeiture of Shares

Failure to satisfy the conditions of offer or where the Board is of the opinion that a participant has been dismissed with cause or has committed any act of fraud, defalcation or gross misconduct in relation to the Company, any shares allocated to a participant are forfeited unless the Board resolves otherwise.

Shareholding Rights

Shares issued under the DESP carry full shareholder rights such as in relation to rights and bonus issues, voting and dividends but will not participate in any dividend reinvestment plan.

Change of Control

The Board will notify participants to enable them to withdraw shares from the Plan where there is a publicly announced proposal in relation to the Company which the Board reasonably believes may lead to a change in Control of the Company.

Limitation on Issues

The number of shares that may be issued or acquired under the Plan when aggregated with the number of shares issued or acquired during the previous 5 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted during the previous 5 years under any such employee share scheme) must not exceed ten (10) percent of the total number of shares on issue.

A copy of DESP Trust Deed may be requested from the Company Secretary, on (02) 9928 6500.

Voting Exclusion

In accordance with ASX Listing Rule 14.11.1, the directors and their associates must abstain from voting on this resolution.

Item 8. Salmat Executive Performance Option Plan ("EPOP")

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue to 15% of each class of securities within any 12-month period without shareholder approval. An exception to this rule is set out in ASX Listing Rule 7.2, exception 9 (b), which provides that issues under an employee incentive scheme approved by shareholders are exempt from inclusion in any calculation under ASX Listing Rule 7.1 if those shares are issued within 3 years from the date of approval. The last approval was given at the November 2011 Annual General Meeting.

This resolution does not of itself result in the issue of any options to acquire shares but continues the flexibility of the Board to make such issues if it considers them appropriate. The company currently uses the plan to issue performance rights to senior executives.

The following is a summary of the Salmat Executive Performance Option Plan:

Summary

The EPOP allows the Company to grant options or performance rights to acquire ordinary shares in Salmat to key senior executives, subject to satisfying performance and service conditions set down at the time of offer.

No options have been issued since the date of the last approval and none are outstanding. Salmat has issued 1,935,438 performance rights under this plan of which 1,051,886 remain outstanding as at 24th September 2014.

Operation of Plan

The Board may offer options or performance rights to acquire shares to invited executives having regard to their actual and potential contribution to the Company. All current performance rights have a zero exercise price and vest subject to satisfaction of the service and performance conditions.

The options or performance rights cannot be transferred. The options or performance rights will not be quoted on the ASX. Shares issued under EPOP on the vesting of the performance rights will rank equally with other ordinary shares of the Company and will be listed.

Limitation on Issues

The number of shares that may be issued or acquired under the Plan when aggregated with the number of shares issued or acquired during the previous 5 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted during the previous 5 years under any such employee share scheme) must not exceed ten (10) percent of the total number of shares on issue.

A copy of the EPOP Plan Rules may be requested from the Company Secretary, on (02) 9928 6500.

Voting Exclusion

In accordance with ASX Listing Rule 14.11.1, the directors and their associates must abstain from voting on this resolution.

Directors' Recommendation

The Board recommends that members vote in favour of all resolutions.