

NOTICE OF MEETING

Notice is hereby given that the forty-fifth Annual General Meeting of Shareholders of **Capilano Honey Limited** ACN 009 686 435 (**CZZ** or **Company**) will be held at the Spring Lake Hotel & Function Centre, 1 Springfield Lakes Boulevard, Springfield Lakes, Queensland on Friday, 17 November 2017 commencing at 11.00am AEST.

AGENDA

Ordinary Business

Financial Statements and Reports

To receive and consider the Company's Financial Statements, Directors' Declaration and the Reports of the Directors and the Auditors for the financial year ended 30 June 2017 as set out in the Company's 2017 Annual Report (a copy of which was released to ASX on 7 August 2017).

Resolution 1 - Re-election of Independent Non-executive Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution for the purpose of filling one vacancy for the position of Independent Non-executive Director:

'That Mr Simon Tregoning who retires in accordance with Rule 108 of the Company's Constitution, and being eligible for re-election, be re-elected as an Independent Non-executive Director of the Company under rule 111 of the Company's Constitution.'

Resolution 2 – Election of Non-executive Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution for the purpose of filling one vacancy for the position of Non-executive Director:

'That Mr Brian O'Donnell who stands for election in accordance with Rule 112 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, be elected as a Non-executive Director of the Company.'

Resolution 3 – Adopt Remuneration Report included in the Report of the Directors

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

'That the Remuneration Report included in the Report of the Directors on pages 15-20 of the Company's 2017 Annual Report for the financial year ended 30 June 2017 be adopted.'

The Company will disregard any votes cast on Resolution 3 by certain persons. Details of the voting exclusions applicable to Resolution 3 are set out in the 'Voting Exclusion Statement' on page 4 of the Explanatory Memorandum which accompanies this Notice of Meeting.

Resolution 4 (over page)

If you do not understand this notice or are in any doubt about the action you are required to take, you should consult your legal, financial or other professional advisor immediately.

NOTES:

Information about the resolutions appear in the Explanatory Memorandum.

An ordinary resolution is one which, to be passed, requires at least a simple majority (50%) of the votes cast by Shareholders entitled to vote on the resolution, to vote in favour.

Voting on the resolutions at the 2017 Annual General Meeting will be by means of a poll in which Shareholders are entitled to one vote per share. In accordance with the Company's Constitution, and the *Corporations Act 2001* (Cth), including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the 2017 Annual General Meeting is entitled to appoint a proxy.

A proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes that each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached Proxy Voting Form to us.

A corporation may elect to appoint a representative, in accordance with the *Corporations Act 2001* (Cth), in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the 2017 Annual General Meeting.

INSTRUCTIONS

If you are unable to attend the 2017 Annual General Meeting and wish to vote, you are requested to follow the instructions on the enclosed Proxy Form and lodge by no later than 11.00am AEST on Wednesday, 15 November 2017.

If you are planning to attend the 2017 Annual General Meeting please email your shareholder number and names of those attending to corporate@capilano.com.au by 5.00pm AEST on Friday, 10 November 2017 AND bring the Proxy Form with you to the Meeting.

NOTICE OF MEETING

2017 ANNUAL GENERAL MEETING

- **Resolution 4 - Approval of the issue of 30,000 Options to the Company's Managing Director, Dr McKee for the financial year ending 30 June 2018**

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

'That for the purposes of ASX Listing Rule 10.14, section 200E of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the grant to Dr Ben McKee (the Company's Managing Director) of 30,000 options together with the issue of 30,000 fully paid ordinary shares upon exercise of any such options for the financial year ending 30 June 2018, under the Company's Long Term Incentive Plan and on the terms set out in the Explanatory Memorandum.'

The Company will disregard any votes cast on Resolution 4 by certain persons. Details of the voting exclusions applicable to Resolution 4 are set out in the 'Voting Exclusion Statement' on page 6 of the Explanatory Memorandum which accompanies this Notice of Meeting.

Dated this Twelfth day of October 2017

By Order of the Board.



CAPILANO HONEY LIMITED
Annette Zbasnik
Company Secretary

➤ AGM DETAILS

- Date:** Friday, 17 November 2017
- Time:** 10.00am - Registration / Morning Tea
11.00am - AGM - Capilano Honey Limited
- Venue:** Spring Lake Hotel & Function Centre
Spring Lake Metro
1 Springfield Lakes Boulevard
Springfield Lakes QLD 4300
- Deadlines:** *Proxy Form:* to be received no later than 11.00am AEST on Wednesday, 15 November 2017.
- RSVP:** *To assist with the preparation of voting papers and catering, please advise your shareholder number and names of those attending by 5.00pm on Friday, 10 November 2017 by email: corporate@capilano.com.au*
- Registration:** **Please bring the Proxy Form with you to the 2017 Annual General Meeting, as the shareholder information is required to register and collect your voting papers for the meeting.**

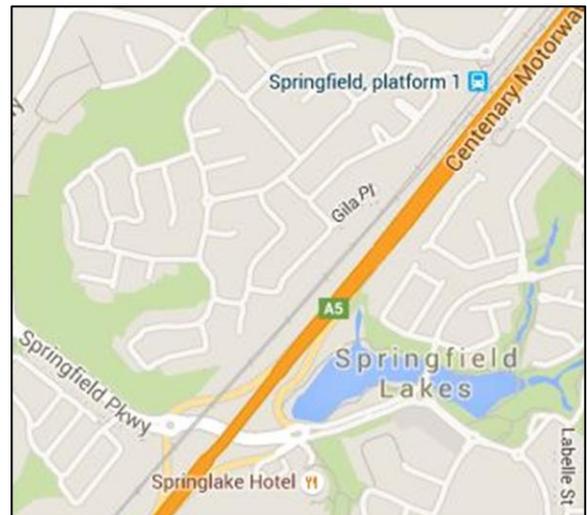
➤ ELECT TO RECEIVE ALL COMMUNICATIONS ELECTRONICALLY

We encourage you to receive all your shareholder communication via email (ie. Dividend Statements, Annual Reports, Notice of Meetings, etc). This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.

You can update your communication preference and elect to receive all communications electronically via Link's secure website at www.linkmarketservices.com.au.

➤ DIRECTIONS

City / Airport



from city / airport

- take the Centenary Motorway to Springfield Lakes
- take the Springfield Parkway exit [exit 31]
- take the 2nd exit at the roundabout

Carpark & entry to Spring Lake Hotel & Function Centre is located behind the McDonalds)

This Explanatory Memorandum is to be read in conjunction with the Notice of Meeting issued by the Company.

This Explanatory Memorandum should be read in its entirety.

If shareholders of the Company (**Shareholders**) are in any doubt as to how they should vote on a resolution, they should seek advice from their professional advisors.

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the directors of the Company (**Directors**), the auditor's report and the financial report be laid before the 2017 Annual General Meeting of the Company (**Meeting** or **AGM**) in respect of the financial year ended 30 June 2017. In addition, the Company's Constitution (**Constitution**) provides for such reports and statements to be received and considered at the Meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Meeting on such reports or statements.

Following consideration of these reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company and the audit of its financial statements for the financial year ended 30 June 2017. The Company's external auditor (**Auditor**) will be available at the Meeting to answer questions on the conduct of the audit and the Auditor's report in respect of the Company's financial statements for the financial year ended 30 June 2017.

In addition to asking questions at the Meeting, Shareholders may address written questions to the Chairman about the management of the Company, or to the Auditor which are relevant to:

- the content of the Auditors' report to be considered at the Meeting; or
- the conduct of the audit of the Company's annual financial statements for the financial year ended 30 June 2017 which will be considered at the Meeting.

Pursuant to section 250PA of the Corporations Act, any written questions must be submitted to the Company Secretary no later than five (5) business days prior to the scheduled date of the Meeting. A list of questions submitted will be available at the Meeting.

RESOLUTION 1 – RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

In accordance with Rule 108 of the Constitution, Mr Simon Tregoning must retire by rotation at the Meeting and offers himself for re-election with the unanimous support of the board of directors of the Company (**Board**).

→ Simon Tregoning, BCom, FAICD

Mr Tregoning has been a director since 2006. Mr Tregoning is also a Director of GrainCorp Limited and was formerly a director of Australian Co-operative Foods (Dairy Farmers) and Vice-President of Kimberly-Clark Corporation. Mr Tregoning has broad FMCG experience in Australia and overseas.

Resolution 1 proposes the re-election of Mr Simon Tregoning as an Independent Non-executive Director of the Company. If re-elected under Resolution 1, Mr Simon Tregoning will be subject to the retirement provisions under the Constitution.

Directors' recommendation

The Directors (other than Mr Tregoning) recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – ELECTION OF NON-EXECUTIVE DIRECTOR

To ensure that the Board is comprised of individuals that have an appropriate mix of qualifications, skills and experience to enable the Board to effectively discharge its responsibilities, facilitate effective discussion and decision-making, as well as ensure transition to succession, the Board resolved during the 2017 financial year to increase the number of Directors serving on the Board.

Following an extensive interview process, the Board appointed Mr Brian O'Donnell as a Non-executive Director of the Company on 9 December 2016. In accordance with Rule 112 of the Constitution and ASX Listing Rule 14.4, Mr O'Donnell is required to stand for re-election at this AGM.

→ Brian O'Donnell, B. Com, FCA

Mr O'Donnell was appointed as a Non-executive Director of the Company on 9 December 2016. Mr O'Donnell is director, Finance and Investments for the Australian Capital Equity Pty Limited Group (**ACE**), which includes the Company's largest shareholder, Wroxby Pty Ltd. Mr O'Donnell is also a director of various ACE group companies, including companies active in the agricultural, advertising and investment sectors, in Australia and China. Mr O'Donnell is also Chairman of BC Iron Limited, and a non-executive director of The Guide Dog Foundation Pty Ltd (WA). Mr O'Donnell is a former director of Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, Fremantle Football Club Ltd and YMCA of Perth Inc. Mr O'Donnell is a Fellow of the Institute of Chartered Accountants, and has 32 years' experience in the finance and investment industry.

Resolution 2 proposes the election of Mr Brian O'Donnell as a Non-executive Director of the Company. If elected under Resolution 2, Mr O'Donnell will be subject to the retirement provisions under the Constitution.

Directors' Recommendation

The Directors (other than Mr O'Donnell) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ADOPT REMUNERATION REPORT INCLUDED IN THE REPORT OF THE DIRECTORS

In accordance with section 250R(3) of the Corporations Act, the Company is required to put to its Shareholders a resolution that the Remuneration Report (as disclosed in the Company's Annual Report for the financial year ended 30 June 2017 (**Annual Report**) (a copy of which was released to ASX on 7 August 2017) be adopted. The resolution of Shareholders is advisory only and does not bind either the Directors or the Company. The Directors believe that the Company's remuneration policies are fair, reasonable and appropriate for its needs. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. The Remuneration Report is included in the 'Report of the Directors' on pages 15-20 of the Company's Annual Report.

Resolution 3 proposes the adoption of the Remuneration Report set out on pages 15-20 of the 2017 Annual Report as required by section 250R(3) of the Corporations Act.

Directors' recommendation

As Resolution 3 relates to matters including the Remuneration of the Directors, the Board, as a matter of good corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding Resolution 3.



EXPLANATORY MEMORANDUM

Voting Exclusion Statement

In accordance with sections 250R and 250BD of the Corporations Act, a vote on Resolution 3 must not be cast (in any capacity) by, or on behalf of, a member of the key management personnel, details of whose remuneration are included in the Remuneration Report (**Key Management Personnel**), or a closely related party of such a member (including close family members and companies that the member of the Key Management Personnel controls).

However, the Company need not disregard a vote on Resolution 3 which is cast by a member of the Key Management Personnel, if the vote is not cast (in any capacity) by, or on behalf of, a member of the Key Management Personnel and either:

- a) it is cast by a person as a proxy appointed in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- b) it is cast by the person chairing the Meeting and the appointment of the chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act.

Further details regarding proxy voting are set out in the Proxy Voting Form accompanying this Notice of Meeting.

Note

If there is a vote of 25% or more of Shareholders against the Remuneration Report at an AGM, and another vote of 25% or more against at the next Annual General Meetings, then a resolution will be put at the latter Annual General Meeting (**Spill Resolution**) to approve calling a general meeting (**Spill Meeting**). If the 50% or more of Shareholders vote in favour of the Spill Resolution, the Company must hold a Spill Meeting within 90 days at which all Directors (other than the Executive Chairman) who were Directors at the time the Remuneration Report received the second strike will retire and may re-submit themselves for re-election if they wish to continue as Directors.

- **RESOLUTION 4 – APPROVAL OF THE ISSUE OF 30,000 OPTIONS TO THE COMPANY'S MANAGING DIRECTOR, DR MCKEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

Background

At the 2016 Annual General Meeting:

- Shareholders approved the Company's Long Term Incentive Plan (**Plan**) to assist with the attraction, motivation and retention of relevant employees of the CZZ group, align the interests of those employees and Shareholders by matching rewards with the long term performance of CZZ. The Long Term Incentive Plan Rules are available to view on the Company's website: www.capilanooney.com/au/corporate/corporate-governance
- Shareholders further resolved to approve the grant of 30,000 options to purchase 30,000 fully paid ordinary shares in the Company (**Shares**) to Dr McKee under the Plan as part of his remuneration package for the financial year ended 30 June 2017. The value of these options, according to the Black Scholes Options Valuation is \$212,100 (representing \$7.07 per Share). (**2017 Options**).

On 23 August 2017:

- the Company resolved, subject to Shareholder approval, to grant 30,000 options to purchase 30,000 Shares (**2018 Options**) to Dr McKee under the Plan as part of his remuneration package for the financial year ended 30 June 2018.

As with all other executives of the Company, the performance of Dr McKee has been reviewed under the Company's performance review process. That review process has led to a recommendation to seek Shareholder approval to grant the 2018 Options to Dr McKee.

The Non-executive Directors of the Company have concluded that the remuneration package for Dr McKee for the financial year ended 30 June 2018, including the proposed grant of the 2018 Options to Dr McKee, is reasonable and appropriate having regard to the circumstances of the Company and Dr McKee's duties and responsibilities.

The number of 2018 Options to be issued to Dr McKee under the Plan for the financial year ended 30 June 2018 has been determined by the Company having regard to the AIM Salary Survey together with the remuneration and incentivisation of executives holding similar positions to Dr McKee in comparable listed companies in Australia.

The Company has determined that the aggregate value of the 2018 Options to be granted to Dr McKee, according to the Black Scholes Options Valuation, being \$190,800 (representing \$6.36 per Share) is a reasonable incentive in the circumstances.

ASX Listing Rules

ASX Listing Rule 10.14 prohibits a listed company from issuing equity securities under an employee incentive scheme to a director without the approval of the company's shareholders.

Accordingly, as Dr McKee is a Director, Resolutions 4 seeks Shareholder approval for the purposes of ASX Listing Rule 10.14 for the issue of the 2018 Options to Dr McKee under the Plan.

Resolution

ASX Listing Rule 10.15 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14 for this Resolution 4

- The maximum number of 2018 Options to be issued to Dr McKee if Shareholders approve this Resolution 4 is 30,000.
- The 2018 Options will be issued at no cost to Dr McKee. Once the performance hurdles attaching to the 2018 Options (see below) are satisfied (or waived), the 2018 Options will be exercisable at a price of \$15.85 per 2018 Option, being the closing price of the Company's Shares as traded on ASX as at the close of trading on 30 June 2017.
- Dr McKee, being the only Director who holds a salaried employment position is the only Director eligible to participate in the Plan.
- Dr McKee is the only person who received securities under the Plan since the last approval at the Company's 2016 Annual General Meeting. Dr McKee was granted 30,000 options to acquire 30,000 Shares (such grant was approved by Shareholders at the Company's 2016 Annual General Meeting). While no acquisition price was payable by Dr McKee for these options, each option had an exercise price of \$21.00 per option.
- No loan will be provided by the Company in relation to the grant or exercise of the 2018 Options to be issued to Dr McKee.
- If Shareholders approve this Resolution 4, the 2018 Options will be issued to Dr McKee by no later than 12 months after Shareholders approve this Resolution.



Terms of the 2018 Options

The Plan under which the 2018 Options will be issued is available to view on the Company's website:

www.capilanooney.com/au/corporate/corporate-governance

The key terms of the 2018 Options to be granted to Dr McKee are as follows:

- Vesting conditions

Vesting of 50% of the 2018 Options granted to Dr McKee (**TSR Tranche**) will be subject to performance conditions based on the Company's relative total shareholder return (**TSR**) performance during the performance period (being the period from 1 July 2017 until 30 June 2020) (**Performance Period**).

Vesting of the remaining 50% of the 2018 Options (**EPS Tranche**) will be subject to performance conditions based on the average compound annual growth in the Company's earnings per Share (**EPS**) during the Performance Period.

- TSR performance condition

The Company's TSR performance (expressed as a percentage) will be tested at the end of the Performance Period against that of each of Huon Acquaculture Group Ltd, Tassal Group Ltd, Select Harvests Ltd, Webster Limited and Bega Cheese Limited (**Comparator Group**) or based on an appropriate comparator group as determined by the Board in its absolute discretion.

For any TSR Tranche 2018 Options to vest at the end of the Performance Period, the Company must have achieved a percentile ranking in the Comparator Group (**TSR Ranking**) of at least the 60th percentile, as determined by ranking the Company's TSR performance (expressed as a percentage) during the Performance Period against the TSR of each entity in the Comparator Group for the same period (**TSR Target**).

Vesting of TSR Tranche 2018 Options

If the Company achieves a TSR Ranking at or above the TSR Target at the end of the Performance Period, the number of TSR Tranche 2018 Options that will vest will be determined by the Board in accordance with the following vesting scale:

Company's TSR ranking	% of 2018 Options in the TSR Tranche satisfying the TSR performance condition
Below the 60th percentile	0%
At the 60th percentile	25%
Between the 60th percentile and the 90th percentile	Between 25% and 100%, as determined on a pro rata, straight line basis
At or above the 90th percentile	100%

The share prices used to calculate the respective TSR performance of the Company and each entity in the Comparator Group will be measured as follows:

- for the Company, the opening share price will be the closing price of the Company's Shares as traded on ASX on 30 June 2017 and, for each entity in the Comparator Group, the opening share price will be the volume weighted average price (**VWAP**) of the entity's ordinary securities traded on ASX for the 20 trading days prior to the close of trading on ASX on 30 June 2017; and
- for the Company and each entity in the Comparator Group, the closing share price will be the VWAP of the entity's ordinary securities traded on ASX for the 20 trading days up to and including the end of the Performance Period.

- EPS performance condition

The Company's EPS performance will be tested at the end of the Performance Period having regard to the Company's EPS performance at the end of each financial year (ie, 30 June) during the Performance Period.

Vesting of EPS Tranche 2018 Options

If during the Performance Period the Company achieves compound annual growth in EPS at or above Forecast EPS Growth, the number of 2018 Options in the EPS Tranche 2018 Options that will vest will be determined by the Board in accordance with the following vesting scale:

Company's compound annual growth in EPS	% of 2018 Options in the EPS Tranche satisfying the EPS performance condition
Less than Forecast EPS Growth	0%
Forecast EPS Growth	30%
Above Forecast EPS Growth but less than Forecast EPS Growth + 10%	Between 30% and 100%, as determined on a pro rata, straight line basis
At or above Forecast EPS Growth + 10%	100%

For the purposes of this performance condition, the Company's compound annual growth in EPS will be calculated in the manner determined by the Board.

- Share price condition

No 2018 Options will vest unless, on the date that the Board determines whether (and, if so, the extent to which) the TSR and EPS-based performance conditions detailed above have been satisfied, the VWAP of the Shares traded on ASX calculated over the last 5 trading days on which sales in Shares were recorded is 101% or more of the exercise price, or such other percentage as determined by the Board at that time.

- Exercise Period

The 2018 Options may be exercised during the period:

- commencing on the date the Company issues a Vesting Notice for those options (or any later date specified in the Vesting Notice); and
- ending on 30 June 2025 (**Last Exercise Date**).

- Lapse of 2018 Options on cessation of employment in certain circumstances

If Dr McKee ceases to be employed due to termination for cause, any and all unvested 2018 Options held at the time will lapse on the date of cessation of employment. If Dr McKee gives notice of resignation from his employment in circumstances where, in the Board's opinion, the CZZ group company was entitled to terminate Dr McKee's employment without notice or payment in lieu of notice or for actual or alleged misconduct, any and all unvested 2018 Options held by Dr McKee at that time will lapse on the date of cessation of employment.

If Dr McKee ceases to be employed for any reason that does not result in the lapse of all of his unvested 2018 Options, a pro rata portion of any unvested 2018 Options held at that time will lapse on the date of cessation of his employment, unless the Board determines otherwise. Vesting of the 2018 Options in these circumstances may constitute the provision of a retirement benefit and require the approval of Shareholders

EXPLANATORY MEMORANDUM

under the Corporations Act. Accordingly, shareholder approval is also sought for any such benefit which Dr McKee may receive under the Plan.

The portion of unvested 2018 Options that will lapse will be calculated based on the proportion of the total performance period for which Dr McKee will not be employed within the CZZ group.

Any unvested 2018 Options that do not lapse as a result of Dr McKee ceasing to be employed within the CZZ group will continue to be held.

- **Lapse of 2018 Options in other circumstances**

If the Board determines that the vesting conditions have not been, or are not capable of being, met in respect of any 2018 Options granted to Dr McKee, the 2018 Options will lapse. In addition, some or all of any 2018 Options held by Dr McKee (including vested 2018 Options) may lapse in various other circumstances under the Plan. For example, the Board may determine that some or all of any 2018 Options held by Dr McKee will lapse where, in the Board's opinion, Dr McKee has committed an act of fraud, misappropriation or other serious misconduct, or has materially breached his obligations to, or any policy of, the Company (or any other company in the CZZ group).

- **No dealings in 2018 Options**

Dr McKee is prohibited from transferring, granting any security interest over or otherwise dealing in 2018 Options issued under the Plan, except in very limited circumstances. Further, Dr McKee may not enter into any transaction, scheme or other arrangement that hedges or otherwise limits or affects his economic exposure to the 2018 Options before they become vested options.

- **Treatment of 2018 Options on a corporate control event**

The Board has determined that, subject to all applicable laws, if a 'Corporate Control Event' (as defined in the Plan Rules) occurs that involves, or has resulted in, a person acquiring voting power of more than 50% in the Company, 20% of the unvested 2018 Options issued to Dr McKee will be taken to have become vested options (and the outstanding vesting conditions will be waived) from the date on which the person's voting power in the Company increases from below to above 50% (as disclosed in the relevant substantial holding notice).

In the Board's view, the vesting conditions that must be satisfied before 2018 Options vest and become exercisable link the ultimate value of the 2018 Options to the continued growth of the Company's earnings and Shareholder returns and therefore provide a major incentive for Dr McKee to ensure the Company continues its superior performance.

Acceleration of Vesting on Corporate Control Event

Under section 200C of the Corporations Act, a company may only give a person a benefit in connection with the transfer of the whole or any part of the undertaking or property of the company if it is approved by shareholders in accordance with the requirements set out in the Corporations Act.

The term 'benefit' is open to a wide interpretation and may include the early vesting of 2018 Options under the Plan in the event of a 'Corporate Control Event' which, or has resulted in, a person acquiring voting power of more than 50% in the Company. Early vesting may also occur upon the death of a participant under the Plan, or upon the participant otherwise ceasing to be employed by the CZZ group.

Early vesting of the 2018 Options to be granted to Dr McKee, should this Resolution 4 be approved by Shareholders, in any of the above circumstances may amount to the giving of a termination benefit, requiring shareholder approval in accordance with the Corporations Act. Accordingly, Shareholder approval is also sought for any such benefit which Dr McKee may receive under the Plan.

The value of the 2018 Options that may be subject to early vesting cannot currently be ascertained. The circumstances that may affect the calculation of this value include:

- the market price of Shares at the relevant time;
- the vesting conditions which have been satisfied at the relevant time;
- the part of the vesting period which has elapsed at the relevant time; and
- the number of 2018 Options that lapse at the relevant time.

Other Information

- The Company will not apply to the ASX for official quotation of the 2018 Options granted under the Plan. Shares issued on exercise of the 2018 Options will rank equally with Shares then on issue.
- Dr McKee is prohibited from hedging the share price exposure in respect of the 2018 Options during the vesting period applicable to those options.

Resolution 4 seeks Shareholder approval for the purposes of ASX Listing Rule 10.14, section 200E of the Corporations Act and for all other purposes for the grant of 2018 Options to Dr McKee under the Plan as described above.

Directors' Recommendation

The Non-executive Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 4.

The Company's sole executive Director (namely, Dr McKee) does not make a recommendation in respect of Resolution 4 in view of his prospective participation in the Plan.

Voting Exclusion Statement

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on Resolution 4 by:

1. Dr McKee (and any associate of Dr McKee).
However, the Company need not disregard a vote if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
2. Any member of the Key Management Personnel (and any closely related party of a member of the Key Management Personnel) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 7, unless:
 - the proxy is the Chairman of the Meeting; and
 - the proxy appointment expressly authorises the Chairman to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.





ABN 55 009 686 435

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Capilano Honey Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Capilano Honey Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (AEST) on Friday, 17 November 2017 at Spring Lake Hotel & Function Centre, 1 Springfield Lakes Boulevard, Springfield Lakes, QLD 4300 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3 & 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

STEP 2

Resolutions

For Against Abstain*

1 Re-elect Independent Non-executive Director - Simon Tregoning

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Elect Non-executive Director - Brian O'Donnell

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Adopt Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Approve issue of Options to the Company's Managing Director, Dr McKee for the financial year ending 30 June 2018

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

STEP 3

CZZ PRX1701C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEST) on Wednesday, 15 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

Capilano Honey Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**