

# Notice of Annual General Meeting and Explanatory Notes

**PolyNovo Limited ABN 96 083 866 862**

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**Date:** Friday, 3 November 2023  
**Time:** 1.00pm (AEDT)

The AGM will be held as a hybrid meeting. As such, members and members' proxies can attend in person or join online.

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In this document you will find:

- a Notice of Annual General Meeting; and
- Explanatory notes which have an explanation of and information about, the resolutions set out in the Notice of Annual General Meeting.

Enclosed separately is a proxy form with attendance and registration details.

# Notice of Annual General Meeting and Explanatory Notes

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Notice is given that the 2023 annual general meeting (**Meeting** or **AGM**) of the Company will be held at both the offices of MinterEllison, Collins Arch, Level 20/447 Collins Street, Melbourne and virtually at 1.00pm (AEDT) on Friday 3 November 2023.

The AGM will be held as a hybrid meeting where there will be a physical meeting where members and members' proxies can attend in person and a virtual meeting where members and members' proxies can join online.

To participate in the meeting online, you can login to the meeting in either of the following ways:

- a) from your computer, by entering the URL in your browser: <https://meetnow.global/MXFAW2L>
- b) from your mobile device by entering the URL in your browser: <https://meetnow.global/MXFAW2L>

After shareholders login, they can:

- See the Meeting presentation materials and listen to the Meeting live;
- Vote online during the Meeting; and
- Ask questions and make comments online during the Meeting.

Voting on all resolutions will be conducted by poll.

Please also refer to the section titled **Participating Online** on page 7.

Technical difficulties may arise during the meeting. The Chair has discretion as to whether and how the meeting should proceed if a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where he considers appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 1.00pm (AEDT) Wednesday, 1 November 2023 even if they plan to attend online. If having lodged a proxy, you attend the meeting in person or online, your proxy's authority to speak and vote for you is suspended while you are present at the meeting.

## Ordinary Business

### 1. Financial Statements and Reports

To receive and consider:

- (a) the financial statements;
- (b) the directors' report; and
- (c) the auditor's report,

of PolyNovo for the year ended 30 June 2023.

### 2. Other Business

To deal with any other business that may legally be brought before the Annual General Meeting in

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accordance with PolyNovo's constitution and the Corporations Act 2001 (Cth) (**Corporations Act**).

## Resolutions

### 3. Re-election of Directors

To pass resolutions re-electing the following two (2) Directors who retire by rotation:

- (a) Robyn Elliott; and
- (b) Christine Emmanuel-Donnelly.

A separate resolution is proposed for each candidate.

### 4. Remuneration Report

To consider and if thought fit to pass with or without modification the following resolution:

That the Remuneration Report, as contained in the Directors' Report for the year ended 30 June 2023 is adopted.

**NOTE:** the vote on this resolution will be advisory only and will not bind the Company or its directors.

### 5. Employee Share Option Plan

To consider, and if thought fit, to pass with or without modification the following resolution:

That the issue of securities under the Company's Employee Share Option Plan, which is summarised in the explanatory notes which accompany and form part of the notice of this meeting, is approved for all purposes, including for the purpose of Exception 13 in ASX Listing Rule 7.2 as an Exception to ASX Listing Rule 7.1.

## Voting Exclusions

Voting exclusions apply to items 4 and 5. See below for details.

## Required voting majorities

### Item 3(a) and 3(b) – Re-elections of Directors

The resolutions to re-elect Dr Robyn Elliott and Ms Christine Emmanuel-Donnelly (being Directors who are retiring by rotation and standing for re-election) as Directors of the Company each require a simple majority of the votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

### Item 4 – Adoption of Remuneration Report

Item 4, comprising a resolution to adopt the Company's 2023 Remuneration Report requires a simple majority of the eligible votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

The vote is advisory only and does not bind the directors or the Company. However, if Item 4 is not passed or is passed with 25% or more of the votes cast on the Resolution being cast against

the Resolution:

- (a) the Company's Remuneration Report for the year ending 30 June 2023 will be required to provide an explanation of how the Board has responded or proposes to respond (if at all) to any comments made at the Meeting on the Remuneration Report proposed to be adopted by Item 4; and
- (b) the Company will receive a 'first strike' and must propose at the Company's Annual General Meeting for 2024 a resolution to call a Meeting to spill the Board of the Company if the Company receives a 'second strike' at that Annual General Meeting.

## Item 5 – Approval of Employee Share Option Plan

As a resolution proposed for the purposes of satisfying Exception 13 in Listing Rule 7.2, Resolution 5 to approve the adoption/renewal of the Company's employee share option plan requires a simple majority of votes cast by shareholders present and voting at the meeting, whether in person, by proxy or attorney, or in the case of corporate shareholders or proxies, by a natural person representative to be cast in favour of the Resolution.

### Directors' recommendations and voting

#### Items 3(a) and (b) - Re-election of Directors

The Board of Directors (with Robyn Elliott abstaining in relation to Item 3(a) and Christine Emmanuel-Donnelly abstaining in relation to Item 3(b)) recommend that all Shareholders entitled to vote, vote in favour of the resolutions at Items 3(a) and (b) respectively.

Each Director who is a Shareholder as at the Voting Entitlement Time (as defined below) and who is otherwise entitled to vote, intends to vote their Shares in favour of each resolution.

#### Item 4 – Adoption of Remuneration Report

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of the resolution at Item 4.

A voting exclusion statement applies to this resolution. See the section below headed 'Voting Exclusion Statements' for further details.

#### Item 5 – Approval of Adoption/Renewal of Employee Share Option Plan

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of Resolution 5.

Voting exclusions apply to certain Directors and their associates voting and also to members of the Company's key management personnel and their closely related parties voting as proxies on this Resolution. See the section below headed 'Voting Exclusion Statements' for further details.

## Voting Exclusion Statements

### Item 4 – Adoption of Remuneration Report

PolyNovo will disregard any votes cast on the resolution comprising Item 4 by or on behalf of:

- (a) a member of the KMP of the Company details of whose remuneration are included in the Company's Remuneration Report for the year ended 30 June 2023; and
- (b) a closely related party of such a member.

In addition, PolyNovo will disregard the vote of any person appointed as a proxy if:

- (c) the person is either:

- a. a member of the KMP of the Company; or
- b. a closely related party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard the vote of a person described in paragraph (a), (b), (c) or (d) above on the resolution if the vote is not cast on behalf of a person described in any such paragraph and either:

- (e) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (f) the person is the chair of the Meeting and the appointment of the chair as proxy:
  - a. does not specify the way the proxy is to vote on the resolution; and
  - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

## Item 5 – Adoption/renewal of Employee Share Option Plan

PolyNovo will disregard any votes cast in favour on Resolution 5 by:

- (a) a person who is eligible to participate in the Employee Share Option Plan; and
- (b) an associate of any such person.

PolyNovo will also disregard any vote cast by a person appointed as a proxy if the person is either:

- (a) a member of the KMP for PolyNovo; or
- (b) a closely related party of a member of the KMP for PolyNovo,

and the appointment does not specify the way the proxy is to vote on the resolution.

However, in each case this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Appointing the Chair as your proxy

If you appoint the Chair as your proxy and you do not specify how the Chair is to vote on a resolution, the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution may be connected directly or indirectly with the remuneration of a member of the KMP for the Company.

The Chair of the Meeting intends to vote all available and undirected proxies in favour of all resolutions, subject to the above Voting Exclusions. In exceptional circumstances the Chair's intentions may change subsequently. If there is a change to how the Chair intends to vote undirected proxies, the Company will make an announcement to ASX stating that fact and explaining the reasons for the change.

## How to Vote

### Voting Entitlements

PolyNovo has determined that for the purposes of voting at the Meeting or at any adjourned Meeting, Shares will be taken to be held by those persons recorded on the Register of Members at the Voting Entitlement Time.

### Voting Entitlement Time

In accordance with Regulation 7.11.37 of the Corporations Regulations, all securities of the Company that are quoted on ASX at 7.00pm (AEDT) on Wednesday, 1 November 2023 being the Voting Entitlement Time, are taken, for the purposes of the above Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting on Friday, 3 November 2023.

### Joint holders

When joint holders are named in the Register of Members only one joint holder may vote. If more than one of the joint holders is present at the Meeting, only the person whose name appears first in the Register of Members will be entitled to vote.

### Voting by Corporate Representative

Corporate Shareholders or proxies wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Company's share registrar, Computershare Investor Services Pty Ltd, or the form can be obtained online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms"; and
- (b) complete and sign the form in accordance with the instructions on the form

## Proxies

### Appointment

1. A Shareholder who is entitled to vote at the Meeting may appoint:
  - (a) one proxy if the Shareholder is only entitled to one vote; or
  - (b) one or two proxies if the Shareholder is entitled to more than one vote.
2. Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
3. A proxy need not be a Shareholder of PolyNovo. A proxy may be an individual or a body corporate.
4. If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the Meeting, the Chair may either act as proxy or complete the proxy form by inserting the name of a Director or a Secretary of the Company.
5. If you require an additional proxy form, PolyNovo will supply it on request.

6. To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
7. Proxies given by corporate Shareholders must be executed in accordance with their constitutions and section 127 of the Corporations Act or signed by a duly authorised officer or attorney.
8. Please refer to the other notes appearing on the enclosed proxy form.
9. Shareholders wishing to vote by proxy must complete, sign, and deliver the enclosed personalised proxy form in accordance with the instructions on the form so that it is received prior to 1.00pm (AEDT) on Wednesday, 1 November 2023 by:
- (a) post in the reply paid envelope provided, to:  
PolyNovo Limited  
C/- Computershare Investor Services Pty Ltd  
PO Box Reply Paid 242  
Melbourne, Victoria, 3001;
  - (b) hand delivered to:  
PolyNovo Limited  
C/- Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria, 3067; or
  - (c) fax, to:  
PolyNovo Limited  
C/- Computershare Investor Services Pty Ltd  
on 1800 783 447 (within Australia) or;  
+61 3 9473 2555 (outside Australia).
  - (d) online, to:  
[www.investorvote.com.au](http://www.investorvote.com.au)
10. A proxy may decide whether to vote on any resolution, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in his or her capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may only vote on the item as directed. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
11. If the abstention box on the proxy form for any item of business is marked, the proxy will be directed not to vote, and the relevant Shares will not be counted in calculating the required majority on a poll.
12. For Shareholders that use Intermediary Online subscribers only (custodians) – please visit **[www.intermediaryonline.com](http://www.intermediaryonline.com)** to submit your voting intentions.

## Participating Online

Shareholders attending the physical venue for the meeting can submit questions in relation to the business of the meeting and vote when called on by the Chair of the Meeting. Shareholders participating online can submit questions in relation to the business of the meeting in real time during the meeting via Computershare's online meeting application.

Shareholders participating in the meeting using Computershare's online platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chair

during the meeting.

By participating in the meeting online you will be able to:

- a) hear and view meeting slides;
- b) ask questions at the appropriate time whilst the meeting is in progress; and
- c) vote during the meeting

Instructions on how to log on to ask questions during the meeting are outlined below. Note, only shareholders and their appointed proxies may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Shareholders are therefore encouraged to lodge questions prior to the meeting.

If you choose to participate in the meeting online, registration will open at 12.30pm (AEDT) on Friday, 3 November 2023.

To participate in the meeting online, you can log in to the meeting in the following ways:

- a) from your computer, by entering the URL in your browser:  
<https://meetnow.global/MXFAW2L>
- b) from your mobile device by either entering the URL in your browser:  
<https://meetnow.global/MXFAW2L>

Once you have selected one of the options above, shareholders will need the following information to participate in the meeting in real-time:

- a) Your username, which is your SRN/HIN; and
- b) Your password, which is the postcode registered to your holding if you are an Australian shareholder
- c) Overseas shareholders should refer to the Online Meeting Guide for their password details by entering the URL in your browser: [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

Assistance with online registration for the meeting will be open from 12.30pm (AEDT) on Friday, 3 November 2023 by calling Computershare Investor Services on +61 3 9415 4024. Computershare Investor Services will also provide a unique email link to appointed proxy holders using this same telephone number.

## Recording devices

In the absence of special permission, the Chair at the meeting will require that any recording or broadcasting device (including tape recorders, mobile telephones, still cameras and video cameras) and any article which may be dangerous, offensive, or liable to cause disruption, be turned off or deposited outside the Meeting.

## Further information

Further information on the Meeting and the resolutions is contained in the remainder of the Notice and Explanatory Notes dated 2 October 2023.

### By Order of the Board



Jan Gielen  
CFO & Company Secretary



## Questions

1. In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's CEO or auditor, Ernst & Young in relation to the conduct of the external audit for the year ended 30 June 2023, or the content of its audit report. Please send your questions to:  
Mr. Jan Gielen, Company Secretary, PolyNovo Limited  
Via mail: Building 2, 320 Lorimer St, Port Melbourne VIC 3207  
Via email: jan.g@polynovo.com
2. Written questions must be received by no later than 5:00pm (Melbourne time) on Tuesday, 31 October 2023.
3. Your questions should relate to matters that are relevant to the business of the Annual General Meeting as outlined in this Notice of Meeting and Explanatory Memorandum.
4. In accordance with the Corporations Act 2001 (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the physical venue for the Annual General Meeting or attending remotely using Computershare's online meeting application to ask questions about or make comments upon matters in relation to the Company including the Company's Remuneration Report for the year ended 30 June 2023.
5. During the course of the Annual General Meeting, the Chair will seek to address as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

## Explanatory Notes

These Explanatory Notes accompany and form part of the Notice of Meeting and should be read by Shareholders in conjunction with the Notice of Meeting.

The Directors recommend that Shareholders read these Explanatory Notes carefully before making any decisions in relation to the resolutions set out in the Notice of Meeting. If any Shareholder is in doubt as to how they should vote, they should seek advice from their legal, financial, or other professional adviser prior to voting.

### 1. Financial Statements and Reports

Section 250R(2) of the Corporations Act requires the financial report (which includes the financial statements and directors' declaration), the directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or PolyNovo's constitution for Shareholders to approve the financial report, the directors' report or the auditor's report. Rather, the purpose of presenting the reports is to give Shareholders an opportunity at the Meeting to ask questions and to make comments on these reports.

### 2. Other Business

Time will be allocated in the Annual General Meeting to deal with any business that may legally be brought before the Annual General Meeting in accordance with PolyNovo's Constitution and the Corporations Act.

### 3. Re-election of Directors

#### 3.1 Background

Dr Robyn Elliott and Ms Christine Emmanuel-Donnelly retire by rotation in accordance with clause 59 of PolyNovo's Constitution and offer themselves for re-election.

#### 3.2 Profile of Directors Standing for Re-Election

Dr Robyn Elliott

(a) Biographical details

Dr Elliott is an experienced Director with a proven track record in product development, clinical trials, regulatory affairs, audits, quality management, project management and operational strategy. She is currently Global Head, Strategic Portfolio Management at CSL, previously held Strategic Expansion and Quality Senior Director roles with CSL and was Managing Director at IDT.

(b) Other material directorships

Dr Elliott does not hold any other directorships.

(c) Other information

No material adverse information has been revealed by the checks that PolyNovo has performed about Dr Elliott.

Other than as set out above, Dr Elliott is not considered to have any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders.

(d) Independent status

The Directors consider that Dr Elliott is an independent Director for the purposes of the ASX Corporate Governance Guidelines.

(e) Recommendation

All Directors, with the exception of Dr Elliott who abstains, recommend that Shareholders vote in favour of the resolution comprising Item 3 that Dr Elliott be re-elected as a director of the Company.

#### 3.3 Profile of Director Standing for Re-Election

Christine Emmanuel-Donnelly

(a) Biographical details

Ms Emmanuel-Donnelly is an accomplished patent and trademark attorney, and business development professional with more than 30 years' local and international experience. Ms Emmanuel-Donnelly was most recently Executive Manager, Business Development and Commercial at the CSIRO. Previously she held roles as in-house IP Counsel for Unilever in the UK and practised as a patent and trademark attorney for Wilson Gunn (UK) and Davies Collison Cave and Griffith Hack in Melbourne.

(b) Other material directorships

Ms Emmanuel-Donnelly is currently Non-Executive Director for Medical

Developments International (an ASX listed healthcare company based in Melbourne specialising in products for pain relief, asthma, and resuscitation).

(c) Other information

No material adverse information has been revealed by the checks that PolyNovo has performed about Ms Emmanuel-Donnelly.

Other than as set out above, Ms Emmanuel-Donnelly is not considered to have any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders.

(d) Independent status

The Directors consider that Ms Emmanuel-Donnelly is an independent Director for the purposes of the ASX Corporate Governance Guidelines.

(e) Recommendation

All Directors, with the exception of Ms Emmanuel-Donnelly who abstains, recommend that Shareholders vote in favour of the resolution comprising Item 3 that Ms Emmanuel-Donnelly be re-elected as a director of the Company.

#### 4. Adoption of Remuneration Report

(a) The Remuneration Report is set out on pages 28 to 37 of the Company's 2023 Annual Financial Report which is available at <http://www.polynovo.com.au> and [www.asx.com.au](http://www.asx.com.au), and which has been sent to those Shareholders who have requested the Annual Report in hard copy form.

(b) Please note that the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company. The Chair will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the Meeting. The Company will take the outcome of the vote on the resolution comprising Item 4 into consideration and the comments made by Shareholders at the Meeting when reviewing the Company's remuneration practices and policies.

(c) In accordance with the Corporations Act, if twenty-five percent (25%) or more of the eligible votes cast are voted against the adoption of the Company's Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution that another Meeting of Shareholders (**Spill Meeting**) be held within 90 days at which all of the Company's Directors:

- i. who were in office when the resolution to make the Remuneration Report considered at the second Annual General Meeting; and
- ii. who is not a managing director of the Company who may in accordance with the ASX Listing Rules continue to hold office indefinitely without being re-elected to the office,

cease to hold office immediately before the end of the Spill Meeting but may stand for election.

(d) Noting that each Director has a personal interest in his own remuneration from the Company, the Directors unanimously recommend that all Shareholders vote in favour of Item 4 approving the adoption of the Company's 2023

## 5. Approval/Renewal of Employee Share Option Plan

- a) Shareholder approval of the Company's Employee Share Option Plan (**Plan**) is sought so that options can be issued under the Plan and not counted towards the 15% limit on the ability of PolyNovo to issue securities under ASX Listing Rule 7.1.
- b) In order to take advantage of the employee incentive scheme exception to ASX Listing Rule 7.1, contained in what is now Exception 13 in Listing Rule 7.2, employee incentive schemes need to be approved by shareholders every three years. The Plan was last approved at the Company's AGM in 2020.
- c) 7,950,000 options have been issued under the plan since the last approval in 2020.
- d) 750,000 options that were previously issued under the Plan remain outstanding at the date of this Notice of Meeting.
- e) A summary of the terms of the Plan follows.

### ***Eligibility***

The Board may offer Options to full or part-time employees (including executive directors or any other person that the Board determines to be an employee (for the purposes of the Plan) of the Company or any subsidiary of the Company (**Employees**)).

Subject to the Constitution, the Board is also able to determine the terms of issue that will apply to any offers, including the exercise price, exercise period and the restrictions, if any, on the exercise of the Options.

### ***Entitlement***

Each Option will, upon vesting and exercise, entitle the holder to subscribe for and be issued one fully paid ordinary Share in the capital of the Company. When issued, each Share will rank equally with all other Shares then on issue.

### ***Issue of Options***

There is no issue price for the Options.

### ***Vesting***

The Board will set the conditions under which the Options issued under the Plan will vest. Options vest earlier than the date set out in the offer for special circumstances at the Board's discretion.

### ***Transfer of Options***

Options may not be transferred except in the following circumstances:

- (a) With the prior consent of the Board:
  - i. on the death of an Employee, to their legal personal representative; or
  - ii. to an approved nominee or, after issue to a family member or a company or trust associated with and controlled by the Employee; or
- (b) without prior consent of the Board in the following circumstances:
  - i. following an acceptance of an offer made under an off-market bid relating to Options;
  - ii. to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
  - iii. to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the

- Corporations Act;
- iv. a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act; or
  - v. as approved by the Board in those circumstances as may be determined by the Board.

### **Conditions**

Subject to the discretion of the Board, conditions may be imposed on the exercise of Options. If exercise conditions are attached to Options, these conditions must also be satisfied before the Options vest. These conditions will be set out in the offer.

### **Term**

The Option term will be fixed by the Board at the time of issue, but will not exceed five years from the date of issue.

### **Lapse of Options**

The Board may provide the Options will lapse on the earliest of:

- (a) the date five years after the date the Options are granted;
- (b) 60 days after a Special Circumstance arises; and
- (c) a determination of the Board that the Option should lapse because the Employee, in the Board's opinion:
  - i. has been dismissed or removed from office for a reason which entitles a body corporate in the Group to dismiss the Employee without notice;
  - ii. has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence); or
  - iii. has done an act which brings the Group or any body corporate in the Group into disrepute;
  - iv. the date of termination or cessation of employment of office with the Company (other than by reason of Special Circumstances); and
  - v. such other date as may be determined by the Board.

The Options may only be exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

### **Exercise Price**

The exercise price for an Option will, subject to the ASX Listing Rules and the Constitution, be the amount determined by the Board at the time of the issue of the Option. The exercise price will be set out in the Offer. If an Employee elects to exercise a partial amount of the Options granted to him or her, the number must not be less than a marketable parcel.

### **New issue of Securities**

An Employee may only participate in new issues of securities in the Company offered to Shareholders if his or her Options have been exercised and Shares have been issued in respect of the Options.

### **Rights issues**

If the Company makes a pro rata rights issue of shares for cash to shareholders, there is a provision for adjustment of the Option entitlement and the exercise price of unexercised Options in accordance with the ASX Listing Rules to reflect the diluted effect of the issue.

### **Capital Reorganisations**

If there is a reorganisation of the Share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**Takeover Bids, Schemes of Arrangement and Sale of Business**

- (a) Subject only to the offer expressly providing to the contrary, if:
- (i) a takeover offer or a takeover announcement is made in respect of the Shares; and
  - (ii) the takeover offer or offer pursuant to the announcement (as the case may be) is accepted by the holders of not less than 50% in number of the Shares,
- (b) each Employee will be entitled to immediately exercise all Options currently held by him or her within the period notified by the Company.
- (c) Subject only to the Offer expressly providing to the contrary, if
- (i) a takeover offer or a takeover announcement is made in respect of the Shares; and
  - (ii) the takeover offer or offer pursuant to the announcement (as the case may be) is accepted by the holders of not less than 50% in the number of Shares; and
  - (iii) is a takeover offer or other offer also made for the Options,
- each Employee will be entitled to immediately accept the offer for his or her Options.
- (d) Subject only to the Offer expressly providing to the contrary, if an offer for Shares is made to shareholders of the Company pursuant to a scheme of arrangement or compromise which has been approved in accordance with the *Corporations Act*, Employees will be entitled to immediately exercise Options held by them within the period notified by the Company.

**Limit of Plan**

The number of Shares to be received on exercise of an Option which is the subject of an Offer when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares, under an employee share scheme of the Company, to be accepted or exercised (as the case may be); and
- (b) the number of Shares in the same class issued during the previous five years pursuant to the Plan or any other employee share scheme extended only to eligible employees of the Company;

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

- (c) to a person situated at the time of receipt of the offer outside this jurisdiction; or that was an excluded offer or invitation within the meaning of the Corporations Law as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999; or
- (d) that was an excluded offer or invitation within the meaning of the Corporations Law as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999; or
- (e) did not need disclosure to investors because of section 708 of the Corporations Act; or
- (f) that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
- (g) made under a disclosure document or product disclosure statement

must not exceed 5% of the total number of issued Shares in that class as at the time of the Offer.

The maximum number of Options that can be issued under the Plan following shareholder approval over the next 3 years is a number equal to 2.5% of the number of Shares on issue from time to time, less the number of Options issued under the Plan in the period starting on the date the resolution is passed and ending on the third anniversary of that date. Based on the Company's market capital comprising 690,232,751 Shares and the number of Options issued under the Plan in the previous 3 years, the maximum number of Options that would be permitted to be issued as at the date of this notice of meeting would be 17,255,819.

***Overriding terms of issue***

The Plan specifies that, despite any other terms of issue of the Options, an Option does not confer any right to vote at Shareholder meetings. The Plan is to be interpreted in accordance with the applicable laws.

***Amendment***

The Plan may be amended by the Board at any time in accordance with the ASX Listing Rules.

***No quotation***

The Company will not apply to the ASX for official quotation of the Options.

***Effect if the resolution is passed or not passed***

If the resolution at Item 5 is not passed, the Company will not be able to issue Options under the Plan without commensurately reducing its capacity to issue securities within the 15% cap prescribed by Listing Rule 7.1. This may have the effect of impeding the Company's capacity to raise capital in the ensuing 12 months.

Conversely, if the resolution is passed, the Company may issue Options under the Plan over the next 3 years without that impacting on the Company's placement capacity under that Listing Rule, preserving flexibility for any future capital raising by the Company that relies on not exceeding the cap.