

**PAPYRUS AUSTRALIA LIMITED**  
**ACN 110 868 409**

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**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**PROXY FORM**

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**Date of Meeting**  
25 November 2016

**Time of Meeting**  
11.00 am

**Place of Meeting**  
The Offices of Grant Thornton  
67 Greenhill Road  
WAYVILLE SA 5034

## **NOTICE OF ANNUAL GENERAL MEETING**

### **PAPYRUS AUSTRALIA LIMITED ACN 110 868 409**

Notice is hereby given that the Annual General Meeting of shareholders of Papyrus Australia Limited (the **Company**) will be held at the Offices of Grant Thornton, 67 Greenhill Road, WAYVILLE SA 5034 at 11.00 am (Adelaide time) on 25 November 2016.

#### **Ordinary Business**

To consider the Financial Statements for the financial year ended 30 June 2016 and accompanying reports of the Directors and Auditor.

#### **Resolution 1: Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2016.”*

#### **Resolution 2: Re-election of Vince Rigano as Director**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That Mr Vince Rigano, having voluntarily retired in accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, and, being eligible, offering himself for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.”*

#### **Resolution 3: Approval of 10% Placement Facility**

To consider, and if thought fit, pass, with or without amendment, the following resolution as a special resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A, the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

#### **Resolution 4: Subsequent Approval of the Issue of 3,000,000 Shares**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the allotment and issue of 3,000,000 Shares to sophisticated investors on 27 June 2016 on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of Meeting, is approved.”*

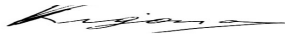
**Resolution 5: Approval of Employee and Officers Share Option Plan**

To consider, and if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes, the issue of securities under the employee incentive option scheme known as ‘Papyrus Australia Ltd Employees and Officers Share Option Plan’, the rules of which are set out in Schedule 3 to the Explanatory Memorandum, is approved as an exception to Listing Rule 7.1.”*

**Dated 19 October 2016**

**By order of the Board  
Papyrus Australia Limited**



**Vincent Rigano  
Company Secretary**

## NOTES

### 1. EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Meeting and the Explanatory Memorandum.

### 2. VOTING EXCLUSION STATEMENTS

#### (1) Resolution 1 – Adoption of Remuneration Report

The Company will disregard any votes cast on Resolution 1 by or on behalf of any of the following persons (in any capacity):

- (a) a member of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company will not disregard a vote if:

- (a) 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
- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the appointment of the chair does not specify the way in which the chair is to vote and expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

#### (2) Resolution 2 - Re-election of Vince Rigano as Director

There are no voting restrictions with respect to Resolution 2.

#### (3) Resolution 3 – Approval of 10% Placement Facility

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 3 is passed (if and to the extent that those persons are known to and identified by the Company at the time of the Meeting).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or

- (b) 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.

(4) Resolution 4 – Subsequent Approval of the Issue of 3,000,000 Shares

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any of their respective associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) 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.

(5) Resolution 5 - Approval of Employees and Officers Share Option Plan

The Company will disregard any votes cast on Resolution 5 by a Director and any associate of a Director.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) 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.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the Key Management Personnel, and any Closely Related Party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the person who is the chair of the meeting to exercise the proxy. However, the member or any Closely Related Party of such a member may vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution or by a person who is the chair of the Meeting at which the Resolution is voted on and the appointment 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 Key Management Personnel.

### **3. PROXIES**

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice of Meeting.

To record a valid vote, a Shareholder will need to take the following steps:

- (1) complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Ltd:
  - (a) by post at the following address:

Computershare Investor Services Pty Ltd  
GPO Box 242  
MELBOURNE VIC 3001
  - OR
  - (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- (2) for Intermediary Online subscribers only (custodians), cast the Shareholder's vote online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com),

so that it is received no later than 11.00am (Adelaide time) on 23 November 2016.

### **Important information with respect to Resolution 1 and 5**

*If you appoint a member of Key Management Personnel as your proxy*

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, **you must direct the proxy how they are to vote on Resolution 1**. Undirected proxies granted to those persons will not be included in any vote on Resolution 1 and 5 (subject to the comments below with respect to appointing the chair of the Meeting as your proxy).

*If you appoint the chair of the Meeting as your proxy*

If you elect to appoint the chair of the Meeting as your proxy, you **do not** need to direct the chair how you wish them to exercise your vote on Resolution 1 and 5. However, by completing the proxy form, and appointing the chair of the Meeting as your proxy, you expressly authorise the chair to exercise his discretion in exercising your proxy even though Resolution 1 and 5 are connected directly or indirectly with the remuneration of Key Management Personnel.

Alternatively, if you appoint the chair of the Meeting as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 and 5 by marking the appropriate box on the proxy form.

**The chair intends to vote undirected proxies in favour of each item of business.**

#### **4. 'SNAP SHOT' TIME**

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all Shares that are quoted on ASX as at 6.30pm (Adelaide time) on 23 November 2016 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

## 5. CORPORATE REPRESENTATIVE

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening an Annual General Meeting of Shareholders of Papyrus Australia Limited to be held on 25 November 2016. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice of Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 6 (inclusive).

#### 1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2016 contains a remuneration report which sets out the remuneration policy of the Company.

An electronic copy of the 2016 Annual Report is available to download or view on the Company's website at [www.papyrusaustralia.com.au/news/releases/](http://www.papyrusaustralia.com.au/news/releases/). The 2016 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

#### Voting consequences

If at least 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the Remuneration Report for two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of another general meeting within 90 days, at which all of the Company's Directors (other than the Managing Director) must go up for re-election (**Spill Resolution**).

At the Company's 2015 annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of total votes cast. Accordingly, the Spill Resolution is not a relevant consideration for this Meeting.

## 2. **RESOLUTION 2: RE-ELECTION OF VINCE RIGANO AS DIRECTOR**

In accordance with Listing Rule 14.5 and rule 8.1(e)(2) of the Constitution, at every annual general meeting one third of the Directors for the time being (excluding those who retire under rule 8.1(e)(1) of the Constitution and the managing director) must retire from office and, in accordance with rule 8.1(h) of the Constitution, are eligible for re-election. Accordingly, Mr Vince Rigano retires as a Director of the Company and, being eligible, offers himself for re-election.

Mr. Rigano is an experienced company director who as a Certified Practising Accountant for over 25 years specialised corporate accounting, management consulting and company secretarial. He provides management accounting and consulting services to a variety of industry sectors including start-ups.

Mr. Rigano is also a member and Chairman of the Company's Audit committee and has been a Director of the Company since his appointment on 27 November 2013. The Directors (other than Mr. Rigano) recommend that Shareholders vote in favor of Resolution 2.

## 3. **RESOLUTION 3: APPROVAL OF 10% PLACEMENT FACILITY**

### 3.1 **General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital in accordance with the terms set out below (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. The Company's market capitalisation as at 8 October 2016 was approximately A\$1,394,600 (based on the Company's issued share capital of 199,236,431 Shares and the closing price of A\$0.007 per Share on that date). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of Listing Rule 7.1A.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. Resolution 3 therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, which is set out below.

It is the Company's intention that funds received under the 10% Placement Facility will be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.



The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

No Director or Related Party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of Listing Rule 10.11 and for any other purpose required by law or the Listing Rules.

### 3.2 Description of Listing Rule 7.1A

#### (1) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

#### (2) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of Meeting, has on issue the following classes of Equity Securities:

- (i) 199,236,431 ordinary shares quoted on ASX; and
- (ii) 14,450,000 options not quoted on ASX.

#### (3) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities who have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting at which shareholder approval was obtained, a number of Equity Securities calculated in accordance with the following formula:

**(A x D) – E**

Where:

**A** is the number of fully paid ordinary shares on issue before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
- less the number of fully paid shares cancelled in the 12 months.

**D** is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(3) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

As at the date of this Notice of Meeting, the Company has on issue 199,236,431 ordinary Shares and therefore has a capacity to issue:

- (i) 29,885,546 Equity Securities under Listing Rule 7.1; and
- (ii) 19,923,643 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph (3) above).

(5) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the company must release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(6) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### 3.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on the Resolution.

### 3.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of this Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%, based on the number of ordinary Shares the Company has on issue as at the date of this Notice of Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0035 50% decrease in Issue Price	\$0.007 Issue Price	\$0.014 100% increase in Issue Price
<b>Current variable "A" 199,236,431 Ordinary Shares</b>	<b>10% Voting Dilution</b>	19,923,643 Ordinary Shares	19,923,643 Ordinary Shares	19,923,643 Ordinary Shares
	<b>Funds Raised</b>	\$69,730	\$139,460	\$278,930
<b>50% increase in current variable "A" 298,899,646 Ordinary Shares</b>	<b>10% Voting Dilution</b>	29,889,964 Ordinary Shares	29,889,964 Ordinary Shares	29,889,964 Ordinary Shares
	<b>Funds Raised</b>	\$104,610	\$209,230	\$418,460
<b>100% increase in current variable "A" 398,472,862 Ordinary Shares</b>	<b>10% Voting Dilution</b>	39,847,286 Ordinary Shares	39,847,286 Ordinary Shares	39,847,286 Ordinary Shares
	<b>Funds Raised</b>	\$139,460	\$278,930	\$557,860

The table has been prepared based on the total number of Ordinary Shares on issue at the date of the Notice, and on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) Resolutions 4, 5 and 6 are passed at the Meeting.
- (iii) None of the unlisted options that the Company currently has on issue are exercised before the date of the issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, assuming variable A is equal to the total issued share capital at that time. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.
- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (viii) The current market price of Shares is \$0.007, being the closing price of Shares on ASX on 8 October 2016.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction for the purposes of Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company must provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

If Resolution 3 is approved by Shareholders, the Company will issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2012 annual general meeting. In the 12 months preceding the date of this Meeting, the Company issued a total number of 13,000,000 Equity Securities, representing 6.98% of the total number of Equity Securities on issue at the commencement of that 12 month period. The details of all issues of Equity Securities in the 12 months preceding the date of this Meeting are set out in Schedule 2 to this Explanatory Memorandum.

- (h) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities under the 10% Placement Capacity. No existing Shareholder votes will therefore be excluded under the voting exclusion statement in the Notice of Meeting.

The directors recommend that Shareholders vote in favor of Resolution 3.

#### **4. RESOLUTION 4: SUBSEQUENT APPROVAL OF THE ISSUE OF 3,000,000 SHARES**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of Shareholders is required for the issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

The Company seeks Shareholder approval for Resolution 4 for the purposes of Listing Rule 7.4 for the issue of the 3,000,000 Shares to sophisticated investors on 27 June 2016.

If Resolution 4 is passed then the Shares will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 4 is not passed, then the Company's 15% placement capacity under Listing Rule 7.1 will not be refreshed to the extent of the Shares, which will restrict the Company's ability to issue securities or seek funding by way of capital raisings over the next 12 months.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number of Shares issued was 3,000,000 Shares.
- (a) The issue price was \$0.01 per Share.
- (b) The Shares are fully paid ordinary Shares that rank equally in all respects with existing Shares.
- (c) The Shares were issued to sophisticated investors identified by the Company.
- (d) \$30,000 was raised by the issue of the Tranche 1 Placement Shares. Funds raised by the issue have and are being used to fund the Company's working capital requirements.
- (e) A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 4.

## **RESOLUTION 5: APPROVAL OF EMPLOYEES AND OFFICERS SHARE OPTION PLAN**

The Company currently has in place the Papyrus Australia Ltd Employees and Officers Share Option Plan (the **Plan**) under which employees and other eligible persons may be offered the opportunity to subscribe for Shares in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that options are a cost effective and efficient means of incentivising employees. To enable the Company to secure employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of Options as the Board may decide and on terms set out in the rules of the Plan, a copy of which is set out in Schedule 3 to these Explanatory Notes. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

Listing Rule 7.1 restricts the number of securities a listed entity can issue without shareholder approval. Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1. In particular, exception 9(b) provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if within three years before the day of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

As the Company last approved the issue of securities under the Plan for the purposes of Listing Rule 7.2 (Exception 9) at its 2013 annual general meeting, the purpose of Resolution 5 is to seek approval to the issue of securities under the Plan for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes.

In accordance with the requirements of Listing Rule 7.2 (Exception 9(b)), the following information is provided:

- (a) a copy of the rules of the Plan is set out in Schedule 3 to these Explanatory Notes;
- (b) 750,000 Options have been issued under the Plan since the date that the Plan was last approved by Shareholders; and
- (c) a voting exclusion statement has been included for the purposes of resolution 5 in the Notice of Meeting.

As the Directors are excluded from voting on Resolution 5, they do not wish to make a recommendation as to how Shareholders ought to vote in respect of Resolution 5.

## GLOSSARY

In this Notice of Meeting and Explanatory Memorandum the following expressions have the following meanings unless stated otherwise or unless the context requires otherwise:

**10% Placement Facility** has the meaning given in section 3.1.

**10% Placement Period** has the meaning given in section 3.2(6).

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (a) a child of the member's spouse;
- (b) a dependant of the member or of the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (d) a company the member controls; or
- (e) a person prescribed as such by the *Corporations Regulations* 2001 (Cth).

**Company** means Papyrus Australia Limited (ACN 110 868 409).

**Constitution** means the constitution of the Company (as amended from time to time).

**Corporations Act** means the *Corporations Act* 2001 (Cth).

**Director** means a director of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards (as defined in section 9 of the Corporations Act), so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** means the annual general meeting of Shareholders convened by this Notice of Meeting.

**Notice of Meeting or Notice** means the notice of meeting to which this Explanatory Memorandum is attached.



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

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

**Shareholder** means a holder of Shares.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average price.

## SCHEDULE 2 – SUPPLEMENTARY INFORMATION RESOLUTION 4

The table below sets out the details of all the issues of Equity Securities by the Company in the 12 months preceding this Meeting, as required by Listing Rule 7.3A.6(b).

<b>Number *</b>	<b>Class and terms of that Class</b>	<b>Allottees (or basis for determining allottees)</b>	<b>Issue price and the discount this represented to market price (if any)</b>	<b>Use of Funds and amount that has been spent or intended use in the future</b>	<b>Non-cash Consideration</b>
3,000,000	Ordinary Fully Paid shares	Sophisticated Investors	\$0.01	Working capital	Nil

\* The 3,000,000 equity securities issued in the 12 months preceding the date of the Company's AGM represented a total of 6.8% of the total number of equity securities on issue at the commencement of that 12-month period.

## SCHEDULE 3 – SUPPLEMENTARY INFORMATION FOR RESOLUTION 5

### PAPYRUS AUSTRALIA LTD EMPLOYEES AND OFFICERS SHARE OPTION PLAN

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In these Rules, unless the contrary intention appears:

**“Associated Company”** means at any time any body corporate that at that time is a related body corporate of the Company within the meaning of section 50 of the Corporations Act 2001;

**“ASX”** means Australian Securities Exchange Limited and includes any body corporate which may hereafter succeed to the powers, functions and duties of Australian Securities Exchange Limited;

**“Board”** means the directors acting as the board of directors of the Company;

**“Business Day”** means a day on which the stock market of ASX is open for trading in securities;

**“Certificate”** means the certificate issued by the Company to a Holder in respect of an Option;

**“Company”** means Papyrus Australia Ltd ACN 110 868 409;

**“Director”** means a director of a Group Company from time to time;

**“Eligible Person”** means at any time a person who then is an employee or an officer (whether full-time or part-time) of a Group Company or a consultant to a Group Company;

**“Exercise Price”** means, in respect of an Option, the subscription price per Share, determined in accordance with clause 12, payable by a Holder on exercise of the Option;

**“Expiry Date”** means, in relation to an Option, the period of 5 years from and including the Issue Date of the Option;

**“Group”** means, collectively the Company and each of the Associated Companies;

**“Group Company”** means the Company or any Associated Company;

**“Holder”** means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company’s register of options as the holder of that Option;

**“Issue Date”** means, in relation to an Option, the date on which the Company grants that Option;

**“Listing Rules”** means the Official Listing Rules of ASX;

**“Market Value”** means:

- (a) the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the day on which the Board resolves to offer an Option (excluding special crossings and overnight sales); or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX (excluding special crossings and overnight sales);

**“Option”** means an Option issued under the Plan to subscribe (subject to clause 11) for a Share;

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

**“Permitted Nominee”** has the meaning given to it by clause 5.4;

**“Plan”** means The Papyrus Australia Ltd Employees and Officers Share Option Plan established in accordance with these Rules;

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

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

**“Rules”** means these rules, as amended from time to time;

**“Shares”** means fully paid ordinary shares in the capital of the Company.

## **1.2 Interpretation**

In these Rules, unless the contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act 2001 or the Listing Rules has the same meaning where used in these Rules.

## **2. ESTABLISHMENT AND TERMINATION OF THE PLAN**

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute and uncontrolled discretion.
- 2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

## **3. NUMBER OF OPTIONS TO BE ISSUED**

The Company shall not offer or issue Options to any Eligible Person in accordance with the plan if the total number of shares the subject of Options, when aggregated with:

- 3.1 the number of shares in the same class which would be issued were each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to the Plan or any other employee or officer share scheme extended only to employees or officers (including directors) of Group Companies, to be accepted or exercised (as the case may be); and
- 3.2 the number of shares in the same class issued during the previous five years pursuant to the Plan or any other employee or officer share scheme extended only to employees or officers (including directors) of Group Companies, (disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or any offer or invitation which, pursuant to Chapter 6D of the Corporations Act 2001, does not need disclosure to investors), would exceed 5% of the total number of issued shares in that class of the Company as at the time of the proposed offer or issue.

## **4. ENTITLEMENT TO PARTICIPATE**

- 4.1 The Board may from time to time determine in its absolute and uncontrolled discretion that any Eligible Person is entitled to participate in the Plan and the extent of that participation. The determination of the Board shall be binding and neither the Board nor any director of the Company shall be obliged to give any reason for a determination.
- 4.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.
- 4.3 Unless otherwise determined by the Board in its absolute and uncontrolled discretion, no Eligible Person shall be entitled to participate in the Plan unless that Eligible Person has been in continuous employment with a Group Company or has provided consulting services on a continuous basis for at least 12 months prior to the Issue Date.

- 4.4 The Plan shall not form part of any contract of employment between any Group Company and any of its employees or officers or any consulting agreement between any Group Company and any consultant and shall not confer directly or indirectly on any such employee, officer or consultant any legal or equitable right whatsoever against any Group Company.

## 5. OFFER OF OPTIONS

- 5.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Persons at such times and on such terms as the Board considers appropriate in its absolute and uncontrolled discretion. Each offer must state:

- (a) that the Eligible Person to whom it is addressed may accept the whole or any lesser number of Options offered. The offer may stipulate a minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (b) the period within which the offer may be accepted; and
- (c) any other matters which the Board may determine.

- 5.2 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:

- (a) accept the whole or any lesser number of Options offered by notice in writing to the Board; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute and uncontrolled discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

- 5.3 Each Option will be issued free.

- 5.4 Upon:

- (a) receipt of the acceptance referred to in paragraph 5.2(a); or
- (b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by notice in writing to the Board, then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be issued Options subject to these Rules.

- 5.5 Certificates for Options will be dispatched within 10 Business Days after their Issue Date (or within such lesser period (if any) as may be required by the Listing Rules).

- 5.6 If Options are issued to a Permitted Nominee of an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

## **6. QUOTATION**

- 6.1 The Company will not apply for official quotation by ASX of any Options.
- 6.2 If the Company's Shares have been granted official quotation by ASX, the Company must apply for official quotation of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment (or within such lesser period (if any) as may be required by the Listing Rules).

## **7. NOT TRANSFERABLE**

Subject to clause 10.3, Options are not transferable.

## **8. EXERCISE OF OPTIONS**

- 8.1 Subject to these Rules, Options may be exercised at any time during the period commencing after the Issue Date and ending on the Expiry Date.
- 8.2 Options not exercised on or before the Expiry Date will automatically lapse.
- 8.3 Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
  - (a) the Exercise Price for the number of Options specified in the notice; and
  - (b) the Certificate for those Options, for cancellation by the Company.  
The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).
- 8.4 Subject to clause 8.2, within 10 Business Days after the notice referred to in clause 8.3 becomes effective (or within such lesser period (if any) as may be required by the Listing Rules), the Board must:
  - (a) allot and issue the number of Shares specified in the notice to the Holder;
  - (b) cancel the Certificate for the Options being exercised; and
  - (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

## **9. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

All Shares allotted upon exercise of Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the Holders to participate fully in:

- 9.1 dividends declared by the Company after the date of allotment; and
- 9.2 all issues of securities made or offered *pro rata* to holders of Shares.

## 10. CEASING TO BE AN ELIGIBLE PERSON

- 10.1 If at any time prior to the Expiry Date of any Options, an Eligible Person ceases to be an Eligible Person for any reason other than Retirement, Permanent Disability, Redundancy or death, all Options held by such Eligible Person or his Permitted Nominee (as the case may be), will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:
- (a) The expiry of the period of one (1) calendar months from the date of such occurrence, and
  - (b) The Expiry Date.
- 10.2 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.
- 10.3 If at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's legal personal representative may:
- (a) elect to be registered as the new Holder of the deceased Holder's Options;
  - (b) whether or not he becomes so registered, exercise those Options as if it were the Holder of them in accordance with these Rules; and
  - (c) if the deceased Holder had already given the Company a notice of exercise of his Options, pay the Exercise Price in respect of those Options.

## 11. ENTITLEMENT TO PARTICIPATE IN FUTURE ISSUES

### 11.1 New Issues

Holders may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least nine Business Days' notice (or such greater period of notice (if any) as may be required by the Listing Rules) to Holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

### 11.2 Bonus Issues

If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). Upon issue the Bonus Shares will rank *pari passu* in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

### 11.3 Pro Rata Issue

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares, the Exercise Price of an Option will be reduced according to the following formula:

$$A = O - E [P - (S+D)]$$



$N + 1$

A = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of Shares into which one Option is exercisable.

P = the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises).

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

#### **11.4 Reorganisation of Capital**

If, prior to the expiry or lapse of any Options, there is a reorganisation of the issued capital of the Company, those Options will be reorganised to the extent necessary to comply with the Listing Rules.

#### **11.5 Advice**

In accordance with the Listing Rules, the Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe or to the Exercise Price pursuant to the provisions of clauses 11.2, 11.3 or 11.4.





**Papyrus Australia Ltd**  
ABN 63 110 868 409

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia


Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

## Proxy Form

 For your vote to be effective it must be received by 11:00am (Adelaide Time) on Wednesday 23 November 2016

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Papyrus Australia Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Papyrus Australia Limited to be held at **The Offices of Grant Thornton, 67 Greenhill Road, Wayville SA 5034 on Friday 25 November 2016 at 11:00am (Adelaide Time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 & 5** (except where I/we have indicated a different voting intention below) even though **Items 1 & 5** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 & 5** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Vince Rigano as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Subsequent Approval of the Issue of 3,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Employees and Officers Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_