

18 October 2007

Dear Shareholder

Attached is the Annual Report for Pacific Enviromin Limited ("PEV") for the year ended 30 June 2007, together with the Notice of Meeting for the Annual General Meeting of PEV to be held in Brisbane on 20<sup>th</sup> November 2007.

As you will read in the Annual Report, 2007 has been a very busy year for PEV, working through the legislative process to commence mining the Mantuan Downs calcium bentonite resource which the Company acquired in December last year.

All of the process hurdles have now been jumped, and the final mining lease application is with the Queensland Minister for Mines and Energy for signing. I hope to advise at the AGM that the lease has been signed and we can commence commercial extraction.

Various large overseas industrial mineral companies have approached PEV regarding purchase of our bentonite, and, once we receive the mining lease approval and can open up the resource, we will discuss potential off-take transactions with these companies.

We have recently been advised that the Queensland Government has approved our calcium bentonite as a specified product under the State's drought-fighting Waterwise rebate program.

PEV has registered the name Waterwise Home and Garden, and will now distribute the product under the Government's Waterwise program which provides incentive rebates of up to \$50 per residential household for buyers of specified water saving products.

PEV has contracted a local operation to package the product, which will be distributed initially throughout drought-affected South East Queensland, and subsequently into southern States. There are one million households in the SE Queensland region, plus numerous council parks and gardens, and other sporting fields.

There are five resolutions to be put to the AGM. The first three resolutions are for the re-election of current directors, Paul Byrne, Chris Dredge, and Peter Ziegler. These directors have made a significant contribution to the progress of PEV since they were appointed in December 2005, and I strongly support their re-election.

The fourth resolution is the adoption of the Remuneration Report which forms part of the Annual Report. This Report provides details of the remuneration of Company officers, and the policies which govern that remuneration. While the vote on this resolution is advisory only and not binding on the Board, the Board will be cognisant of the vote in discussing or setting remuneration policies.

The fifth resolution is for the adoption of an employee share plan. It is now common practice in Australia for companies to establish a share plan to encourage and incentivise current employees, and attract quality future senior executives in a market where it is increasingly difficult to match the job offers of some of the big resource companies. The rules for the plan are attached to the Notice of Meeting. The board strongly supports this resolution.

I encourage shareholders to read the Company's Annual Report, and the attachments, and to participate as owners of PEV by attending the AGM, where a presentation of the Company's activities will be made. If you are unable to attend the AGM, please complete and return the proxy form so that your vote will be included.

I look forward to meeting you at the AGM and sharing a prosperous 2008 year with you.

Yours faithfully



Brian P Jones  
Chairman

PACIFIC ENVIROMIN LIMITED  
ABN 49 089 206 986

**NOTICE OF ANNUAL GENERAL MEETING**

and

**EXPLANATORY MEMORANDUM**

and

**PROXY FORM**

---

Date of Meeting:	20 November, 2007
Time of Meeting:	2 pm (Brisbane Time)
Place of Meeting:	Exchange Room Promenade Level 175 Eagle Street Brisbane Qld 4000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser before voting.

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of shareholders of Pacific Enviromin Limited ("the Company") will be held at the Exchange Room, Promenade Level, 175 Eagle Street, Brisbane Qld 4000 on 20 November 2007 at 2.00 pm Brisbane time.

### **FINANCIAL REPORTS**

*"To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statements of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2007."*

#### **1. RE-ELECTION OF DIRECTOR – MR. P J BYRNE**

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

*"That Mr. P J Byrne, who retires in accordance with article 18 of the Company's Constitution and being eligible offers himself for re-election, be re-elected a Director of the Company."*

#### **2. RE-ELECTION OF DIRECTOR – MR. P A ZIEGLER**

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

*"That Mr. P A Ziegler, who retires in accordance with article 18 of the Company's Constitution and being eligible offers himself for re-election, be re-elected a Director of the Company."*

#### **3. RE-ELECTION OF DIRECTOR – MR. C P DREDGE**

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

*"That Mr. C P Dredge, who retires in accordance with article 18 of the Company's Constitution and being eligible offers himself for re-election, be re-elected a Director of the Company."*

#### **4. REMUNERATION REPORT**

To consider and, if thought fit, approve without modification the following ordinary resolution:

*"That the remuneration report section of the Directors Report for the Company for the year ended 30 June 2007 be adopted."*

The vote on this resolution 4 is advisory only and does not bind the Directors of the Company.
--

## 5. ADOPT THE OFFICERS, EXECUTIVES, CONSULTANTS AND EMPLOYEES SHARE PLAN

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

*“That approval is given for all purposes including ASX Listing Rule 7.2 exception 9b and all other purpose for the terms of an issue of shares under the Officers, Executives, Consultants and Employees Share Plan (“the Share Plan”) as described in the explanatory memo accompanying and forming part of the notice of meeting.”*

A copy of the Share Plan accompanies this Notice of Meeting and will be available at the meeting for inspection.

- *The Company will disregard any votes cast on Resolution 5 by:*
  - *Any directors who may participate in the proposed Share Plan if the resolution is passed; and*
  - *any associate of such a person.*
- *However, the Company need not disregard a vote if:*
  - *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
  - *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

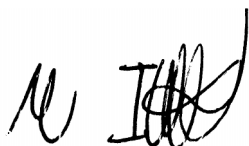
The Explanatory Memorandum provides details of the above Resolutions.

Any enquiries in relation to the Resolutions or the Explanatory Notes should be directed to Mr Michael Illet (Company Secretary), or Mr Brian Jones (Chairman) as follows:

	Mr Michael Illet	Mr Brian Jones
Ph.	07 3221 0679	07 3832 4928
Email:	millet@pacenviromin.com	bjones@pacenviromin.com

Dated this 12th day of October, 2007.

BY ORDER OF THE BOARD



Michael Ilett  
Company Secretary

Notes:

1. For the purposes of the Corporations Act 2001, all securities of the Company that are quoted securities at 8 am on 19 November 2007, will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time, and such persons are eligible to vote at the Meeting.
2. A form of proxy is provided with this Notice.
3. A shareholder who is entitled to attend and cast a vote has a right to appoint a proxy.
4. A proxy need not be a shareholder of the Company.
5. A shareholder who is entitled to cast two or more votes may appoint not more than 2 proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights.

# **PACIFIC ENVIROMIN LIMITED**

ABN 49 089 206 986

## **EXPLANATORY MEMORANDUM**

### **Introduction**

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of the Company to be held on 20 November 2007 at 2.00 pm (Brisbane Time). This Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Terms used in this Explanatory Memorandum are defined in the glossary of terms outlined in this Explanatory Memorandum.

Resolutions 1, 2, 3, 4 and 5 to be considered by the meeting are ordinary resolutions requiring a simple majority of the votes cast by members attending and voting at the meeting.

This Explanatory Memorandum is divided into 3 parts:-

Part A – which deals with financial statements and reports and auditors report.

Part B – which deals with resolutions 1 to 4, which are items of ordinary business.

Part C – which deals with resolution 5, which is other business.

### **Part A – Financial Reports**

#### **1. CONSIDER THE FINANCIAL STATEMENTS & REPORTS OF DIRECTORS & AUDITORS THEREON**

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statements of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2007 were released to the Australian Stock Exchange Limited on 21 September 2007, and are included in the Company's Annual Report. These are placed before the shareholders for any discussion. No voting is required for this item.

### **Part B – Resolutions 1 to 4**

#### **1. RESOLUTION 1 – RE-ELECTION OF MR. P J BYRNE AS A DIRECTOR**

Mr. P J Byrne retires in accordance with Article 18 of the Company's Constitution and, being eligible, offers himself for re-election. Details of the experience of Mr. Byrne are stated in the Annual Report enclosed with this Notice.

The Directors (with Mr. Byrne abstaining) recommend that you vote in favour of this Ordinary Resolution.

#### **2. RESOLUTION 2 – RE-ELECTION OF MR. P A ZIEGLER AS A DIRECTOR**

Mr. P A Ziegler retires in accordance with Article 18 of the Company's Constitution and, being eligible, offers himself for re-election. Details of the experience of Mr. Ziegler are stated in the Annual Report enclosed with this Notice.

The Directors (with Mr. Ziegler abstaining) recommend that you vote in favour of this Ordinary Resolution.

### 3. **RESOLUTION 3 – ELECTION OF MR. C P DREDGE AS A DIRECTOR**

Mr. C P Dredge retires in accordance with Article 18 of the Company's Constitution and, being eligible, offers himself for re-election. Details of the experience of Mr. Dredge are stated in the Annual Report enclosed with this Notice.

The Directors (with Mr. Dredge abstaining) recommend that you vote in favour of this Ordinary Resolution.

### 4. **RESOLUTION 4 – REMUNERATION REPORT**

The Company is required to submit the Remuneration Report for consideration and adoption by way of a non-binding advisory resolution. The Remuneration Report forms part of the Directors Report contained in the Annual Report enclosed with this Notice.

The Remuneration Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Executive Directors and senior executives of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

## **Part C**

### 5 **RESOLUTION 5 – ADOPT THE OFFICERS, EXECUTIVES, CONSULTANTS AND EMPLOYEES SHARE PLAN**

It is common practice in Australia for companies to establish a plan whereby current employees, including directors, may be rewarded for their efforts by the issue of shares in the company at a price which may be a discount to the market price. In addition, the offer of shares in companies under an employee share plan is regularly provided as an incentive for the recruitment of better quality executives.

The Board of PEV believes that, as the Company grows, there will be increased demands on existing employees, and the requirement to recruit new executives, and these persons may be better incentivised by the issue of shares rather than increased cash remuneration.

The PEV Officers, Executives, Consultants and Employees Share Plan ("the Share Plan") provides for the issue of a maximum in aggregate of 5% of the total issued ordinary shares in the Company. Currently this would mean that a total of approximately 15 million shares would be available under the Share Plan. These shares may be issued over the next few years as appropriate circumstances present themselves to the Board.

Under the Share Plan, fully paid ordinary shares may be issued by the Board from time to time to selected recipients. The issue price will be set at the weighted average market price for the previous five trading days. The Board may also impose escrow trading



restrictions on any issue of shares under the Share Plan. Subscription for shares under the Share Plan may be met by the Company providing a loan to the participant for the amount of the subscription. The terms of the loan would include repayment method, interest rate, security and termination conditions.

If shareholders approve the Share Plan under ASX Listing Rule 7.2 exception 9b, this will enable the company to issue shares to PEV Officers, Executives, Consultants and Employees, with the exception of directors, for a period of 3 years without further shareholder approval. Directors will not be entitled to participate in any future issue under the share plan without shareholder approval, and should the Company decide to issue shares to directors under the plan the issue will require approval by shareholders under ASX LR 10.14.

The market would be informed at the time of any issue.

The Share Plan is attached to this Notice of Meeting and should be read by shareholders.

The Board unanimously recommends that Shareholders vote in favour of adopting the Share Plan.

### **SHAREHOLDER VOTING**

The Board has made a determination that all the shares of the Company will be taken, for the purposes of determining the right of shareholders to attend and vote at the Meeting, to be held by the persons who held them at 8 am (Brisbane time) on 19 November 2007 (being a time that is not more than 48 business hours before the Meeting).

### **OTHER INFORMATION**

There is no other information known to the Company that is material to a shareholder's decision on how to vote on the resolutions set out in the Notice of Meeting. However, should any shareholder be in doubt as to how he/she should vote on the resolutions and/or as to how it may affect him/her, he/she should seek advice from his/her accountant, solicitor or other professional advisor as soon as possible. Queries as to the lodgment of proxies and other formalities in relation to the Meeting to be held on 20 November 2007 should be directed to the Company Secretary (telephone 07 3221 0679).

### **ACTION TO BE TAKEN BY SHAREHOLDERS**

Attached to the Notice of Annual General Meeting accompanying this Explanatory Memorandum is a proxy form for use by shareholders. All shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the proxy form. Lodgment of a proxy form will not preclude a shareholder from attending and voting at the meeting in person.

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion or number of votes that the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy may, but need not, be a shareholder of the Company. Shareholders who are a body corporate are able to appoint representatives to attend and vote at the Meeting under Section 250D of the Corporations Act 2001 (Cwlth). The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act 2001 (Cwlth).

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) and certificates appointing body corporate representatives or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) or certificate appointing a body corporate representative must be deposited at, posted to, or sent by facsimile transmission to the Company's Registered Office:

Postal Address:

Company Secretary  
Pacific Enviromin Limited  
P.O. Box 7018,  
Riverside Centre, Brisbane Qld 4001

Fax Number + 61 7 3832 3234

The proxy form must be delivered not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

# PROXY FORM

To: The Secretary  
Pacific Enviromin Limited  
PO Box 7018  
Riverside Centre  
BRISBANE QLD 4001  
Fax: +61 7 3832 3234

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder/(s) of Pacific Enviromin Limited ("**Company**") and entitled to

\_\_\_\_\_ shares in the Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Exchange Room, Promenade Level, 175 Eagle Street, Brisbane Qld 4000 on Tuesday 20 November 2007 at 2.00pm (Brisbane time) and at any adjournment

thereof in respect of \_\_\_\_\_ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%.  
(The Company on request will supply an additional proxy form.)

The Chairman of the meeting intends to vote all undirected proxies in favour of all the resolutions in respect of any undirected proxies which may be granted in favour of the Chairman.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he as an interest in the outcome of the resolutions and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will **not** cast your votes on the resolution and your votes will not be counted in calculating the required majority if the poll is called on the resolution.

I/we direct my/our proxy to vote as indicated below:

**RESOLUTIONS**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Financial Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1. Re-election of Mr PJ Byrne as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr PA Ziegler as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Appointment of Mr CP Dredge as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the establishment of the PEV Officers, Executives, Consultants and Employees Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand/s this \_\_\_\_\_ day of \_\_\_\_\_ 2007

**If a natural person:**

SIGNED by

\_\_\_\_\_  
in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name (Printed)

**If a company:**

EXECUTED by \_\_\_\_\_ )  
in accordance with its \_\_\_\_\_ )  
constitution \_\_\_\_\_ )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Name (Printed)

\_\_\_\_\_  
Name (Printed)

**If by power of attorney:**

SIGNED for and on behalf of \_\_\_\_\_ )  
by \_\_\_\_\_ )  
under a Power of Attorney \_\_\_\_\_ )  
dated \_\_\_\_\_ and who declares that he/she has \_\_\_\_\_ )  
not received any revocation of such Power of \_\_\_\_\_ )  
Attorney in the presence of : \_\_\_\_\_ )

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Signature of Witness

**(After completion of this proxy form, please deliver it or fax it to the offices of Pacific Enviromin Limited)**

**NOTIFICATION OF CHANGE OF ADDRESS OF SHAREHOLDER - ISSUER SPONSORED ONLY**

NOTE: If your holding is CHESS sponsored, contact your sponsoring broker, who is the only person who can make a change to your address details.

To: Link Market Services Limited  
Level 12  
300 Queen Street  
Brisbane Q 4000  
Fax No. 3221 3149

Dear Sir

I/We .....

of (insert new address) .....

formerly of (insert old address) .....

being an Issuer Sponsored shareholder of Pacific Enviromin Limited, request you to record my new address detailed above.

Signed (all holders to sign) .....

Date ...../...../.....

# PACIFIC ENVIROMIN LIMITED OFFICERS , EXECUTIVES , CONSULTANTS AND EMPLOYEE SHARE PLAN

## PLAN RULES

### 1. INTRODUCTION

#### 1.1 Overview

The purpose of the Pacific Enviromin Limited (**Company**) Officers, Executives, Consultants and Employee Share Plan ("**the Share Plan**") is to motivate and incentivise officers, executives, employees and consultants (**Eligible Participants**) by providing them with the opportunity to participate in the growth of the Company via a holding of shares in the Company.

#### 1.2 Share Plan

##### *General*

The Share Plan allows Eligible Participants to participate, at the invitation of the Company, in a scheme for the acquisition of Shares in the Company. Shares provided to Eligible Participants under the Share Plan will be new Shares.

##### *New Shares to be provided*

Where new Shares are issued to an Eligible Participant under the Share Plan, the Company will issue the Shares at the Market Price of Shares over a 5 day period on ASX prior to the issue..

##### *Loan*

The Company will provide by way of loan, the subscription moneys required by the Eligible Participant to subscribe for the Shares under the Plan. The intention is that repayment of the Loan and interest thereon, will be effected from future dividends.

##### *Participation in the Plan*

The Plan will be conducted as a non-discriminatory officers, executives, employee and consultants share scheme open to:

- officers and executives of the Company;
- those permanent full-time and part-time employees selected by the Company; and
- consultants to the Company selected by the Company .

##### *Security*

The Company will have the right to require security to be given for repayment of any loan made to an Eligible Participant.

##### *Limited Recourse*

The liability of an Eligible Participant is limited, with the rights of the Company in respect of repayment of any loan made limited to security held and the Shares held whilst under the Plan by an Eligible Participant.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

In these Rules:

**ASX** means the ASX Limited.

**Board** means the board of directors of the Company or a committee appointed by the Board.

**Consultant** means a person who consistently provides services to a Group.

**Control** has the meaning ascribed to that term in s 9 of the Corporations Act and references to **Controlled** shall have a corresponding meaning.

**Company** means Pacific Enviromin Limited ABN 49 089 206 986.

**Corporations Act** means the *Corporations Act 2001 (Cwlth)* as may be amended or replaced from time to time.

**Director** means a member of the Board.

**Dividend** means;

(a) Franked Dividends; and/or

(b) Unfranked Dividends.

**Dispose** has the meaning ascribed to it in the Listing Rules and **Disposed** shall have a corresponding meaning.

**Employee** means a person employed, whether on a full or part time basis, by a Group Company or other person the Board in its absolute discretion determines to be an Employee for the purposes of the Plan.

**Executive** means an executive or other senior manager of the Company.

**Franked Dividends** means dividends the whole or part of which have been franked in accordance with Division 202 of the Tax Act.

**Group Company** means the Company and each Subsidiary of the Company.

**Holding Lock** has the meaning given to the term "holding lock" in the Listing Rules.

**Interest** means the interest to be paid by an Eligible Participant on any Loan made to an Eligible Participant.

**Interest Rate** means the benchmark interest rate as defined in s. 109N(2) of the Tax Act , from time to time;

**Issue Price** means the issue price payable for a Share;

**Listing Rules** means the official listing rules of the ASX from time to time in force as they apply to the Company.

**Loan** means the provision of financial accommodation by the Company to an Eligible Participant for the purposes of paying the Subscription Price for Shares by the Eligible Participant.

**Officer** has the meaning ascribed to that term in s 9 of the Corporations Act.

**Market Value** of Shares means the volume weighted average trading price of Shares on ASX for five (5) trading day period up to and including the day upon which the Market Value is to be determined.

**Participant** means an Officer, Executive, Employee or Consultant who acquires Shares under the Plan.

**Plan** means the Pacific Enviromin Limited Officers, Executives, Consultants and Employee Share Plan as set out in these Rules as altered or added to under these Rules from time to time.

**Restriction Period** has the meaning ascribed to that term in Rule 7.2.

**Restricted Share** means a Share acquired under the Plan subject to restrictions under Rule 7.

**Share** means a fully paid ordinary share in the capital of the Company and **Shares** shall have a corresponding meaning.

**Subscription Price** means the aggregate of the number of Shares multiplied by the Issue Price.

**Subscription and Restriction Deed** means a deed to be prepared by the Company to give effect to participation by an Eligible Participant in the Plan and to contain all such terms as the Company may in its absolute discretion require.

**Security** means a first ranking share mortgage.

**Subsidiary** has the meaning ascribed to that term in the *Corporations Act*.

**Tax Act** means the *Income Tax Assessment Act 1936* (as amended) and/or the *Income Tax Assessment Act 1997* (as amended) as the case requires or permits.

**Termination Date** means the first to occur of;

- (a) 5 years from the Commencement Date;
- (b) the Grantee retires or resigns; or
- (c) the Grantee ceases to be employed by the Company or the Group for any reason whatsoever.

## 2.2 Interpretation

In these Rules:

- (a) Terms not defined in these Rules which are defined in the *Corporations Act*, shall have the meanings ascribed to those terms in the *Corporations Act*.
- (b) headings are only for convenience and do not affect interpretation;
- (c) The singular number includes the plural and vice versa;



- (d) Words of one gender include the other genders;
- (e) A reference to any legislation includes any amendment to that legislation, any consolidation or replacement of it, and any subordinate legislation made under it;
- (f) A reference to a provision in any legislation includes a reference to a provision in any amendment, consolidation or replacement of that legislation which, in the opinion of the Board, corresponds with the first mentioned provision;
- (g) If any provision in these Rules is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions is not affected or impaired; and
- (h) If the day on or by which something must be done is not a business day in the place where it must be done, it may be done on the next business day.

### **3. ELIGIBILITY**

#### **3.1 Who is eligible?**

Subject to Rule 3.2, a person is only eligible to acquire Shares under the Plan if he or she is:

- (a) An Officer, Executive, Employee or Consultant at the date of allotment of those Shares; and
- (b) Has satisfied the criteria the Board from time to time and in its sole discretion decides for participation in the Plan.

#### **3.2 Changing eligibility status**

The determination by the Board of the eligibility of a particular Employee or group of Employees for participation in the Plan, may be revoked or amended at any time and in any event, lapses after the acquisition of Shares by the Employee under this Plan. The Board may change the eligibility status of any individual Employee or group of Employees for the purposes of this Plan.

#### **3.3 Board Discretion**

Participation in the Plan is in the Board's sole discretion. The Company reserves the right to refuse participation in the Plan in whole or in part for any particular Officer, Executive, Employee or Consultant or group of Officers, Executives, Employees or Consultants, even if the eligibility criteria and other steps have been satisfied for participation.

### **4. INVITATION AND APPLICATION**

#### **4.1 Invitation**

An invitation to participate in the Plan may:

- (a) be made by the Company at any time;
- (b) be in any form;
- (c) provide the Issue Price for the Shares ;
- (d) provide the Subscription Price payable for the Shares;
- (e) relate to a specified number or specified value of Shares;

- (f) provide for the terms and conditions upon which the Company will provide a Loan to finance the Subscription Price;
- (g) specify the amount of the Loan;
- (h) specify the Termination Date for the Loan;
- (i) specify the Interest to be paid on any Loan and the manner in which it shall be paid;
- (j) specify whether the Company requires Security over the Shares to secure repayment of the Loan;
- (k) require the establishment of a account into which Dividends in respect of the Shares shall be paid and applied to payment of Interest and repayment of the Loan;
- (l) require execution of a Subscription and Restriction Deed;
- (m) impose events which must arise in respect of Shares before they may be Dispose of ;
- (n) place restrictions on the right to Dispose of the Shares by the Participant and any other person who may control the Participant; and
- (o) be on any conditions (including performance conditions) or subject to any restrictions, as the Board decides.

#### 4.2 **Application**

An application to join the Plan must be made in accordance with the instructions which accompany the invitation or in any other way the Board decides.

#### 4.3 **Nominees**

An Eligible Participant may be entitled to nominate that the Shares be held by another person (**Nominee**) so long as that person is an associate of the Eligible Participant and the Nominee agrees to be bound by the Plan.

#### 4.4 **Legal constraints**

Despite any other Rule, the Board may exclude a person from acquiring Shares under the Plan if it appears to the Board that doing so would contravene:

- (a) these Rules;
- (b) the Listing Rules; or
- (c) any law of a jurisdiction in which an Employee resides at the time of the issue of an invitation to participate in the Plan

or would give rise to unreasonable regulatory or administrative requirements for the Company determined by the Board in its sole discretion.

### 5. **ALLOCATIONS OF SHARES**

#### 5.1 **Shares acquired by a Participant**

- (a) Shares will be acquired by the Company issuing Shares.
- (b) Shares acquired by the Participant under the Plan will:

- (i) be ordinary shares;
- (ii) be acquired as fully paid;
- (iii) be registered on the register nominated by the Company;
- (iv) rank equally with all existing Shares from the date of acquisition in respect of all rights issues, bonus share issues and dividends
- (v) have such other rights and entitlements as may be determined by the Board;  
and
- (vi) be subject to any restrictions or other conditions as determined by the Board.

## 5.2 **Transaction costs**

The Company is authorised, but not required to bear all brokerage, commission, stamp duty or other transaction costs payable in relation to the acquisition of Shares under the Plan.

## 5.3 **Listing**

The Company must, at its expense, apply for official quotation on the ASX of any Shares acquired under the Plan which are not already quoted on the ASX within the time required by the Listing Rules.

## 6. **SHARES - HOLDING LOCK**

### 6.1 **Restrictions**

The Company may implement any procedure it considers appropriate to restrict the Participant from dealing with any Shares acquired by a Participant for as long as those Shares are Restricted Shares.

### 6.2 **Holding Lock**

Without limiting Rule 6.1, for as long as a Share is a Restricted Share, each Participant:

- (a) Agrees that the Share will be subject to a Holding Lock; and
- (b) Undertakes not to request (or allow another person to request) removal of the Holding Lock.

## 7. **RESTRICTION ON DISPOSAL OF SHARES**

### 7.1 **No disposal**

A Participant must not dispose of any Shares acquired under the Plan while they are Restricted Shares.

### 7.2 **Restriction Period**

A Share acquired by a Participant under the Plan will be a Restricted Share until the end of the such period as the Board decides, having regard to the implications of such restrictions under the Tax Act and otherwise, commencing at the time the Participant acquires the Share (**Restriction Period**).

### 7.3 **Takeovers**

Despite anything else in this Rule 7, if a takeover bid is made or other formal scheme is proposed for the acquisition of some or all of the Shares in the Company, a Participant may, if:

- (a) Acceptance of the take-over bid or scheme is recommended by the directors of the Company; and
- (b) The directors of the Company resolve to end the restriction on sale of the Shares under the Plan for the purpose of transfer to the bidder,

and the Board consents to the same, accept the offer on such terms the Participant decides in respect of some or all of the Shares registered in his or her name.

## 8. **APPLICATION OF DIVIDENDS AND SALES PROCEEDS**

8.1 The Board may determine;

- (a) When Interest is payable;
- (b) How Interest will be paid from Dividends received in respect of the Shares;
- (c) Whether unpaid Interest shall be capitalized.

8.2 The Board may determine;

- (a) The term of the Loan;
- (b) When repayments of the Loan shall be made;
- (c) How repayments of the Loan shall be paid from Dividends received in respect of the Shares;
- (d) How repayments of the Loan shall be paid from the sale proceeds arising from the sale of Shares and/or Restricted Shares;
- (e) Whether the liability of a Participant in respect of repayment of the Loan shall be limited in recourse in any way;
- (f) The rights of the Company to Dispose of Restricted Shares for the purposes of repayment of the Loan

## 9. **PARTICIPANTS BOUND BY RULES**

Participants who purchase Shares under the Plan are bound by these Rules.

## 10. **ADMINISTRATION OF THE PLAN**

### 10.1 **Board administration**

The Board will administer the Plan.

### 10.2 **Board powers**

The Board may:

- (a) Delegate to any person for the period and on the terms it decides the exercise of any of its powers or discretions under the Plan;
- (b) Decide on appropriate procedures for administering the Plan, including the form of application forms and other forms and notices to be issued under the Plan;
- (c) Resolve conclusively all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;
- (d) Subject to the Listing Rules and Rule 10.4, amend, add to or waive any provision of the Plan (including this Rule 10.2), or any restriction or other condition relating to any Shares allocated under the Plan; and
- (e) Waive any breach of a provision of the Plan.

### 10.3 **Non-residents of Australia**

The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which Shares allocated under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to the Group in relation to the Shares.

### 10.4 **Limitation on amendments**

The Board must not make any amendment to the provisions of the Plan, or to any restriction or other condition relating to any Shares allocated under the Plan, which reduces the rights of Participants in respect of Shares allocated to them before the date of the amendment. However, this Rule 10.4 does not apply to an amendment made primarily:

- (a) To comply with present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
- (b) To comply with the Listing Rules;
- (c) To correct any manifest error; or
- (d) To take into consideration possible adverse tax implications in respect of the Plan arising from, among other things:
  - (i) adverse rulings from the Commissioner of Taxation;
  - (ii) changes to tax legislation (including an official announcement by the Commonwealth of Australia); or
  - (iii) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction.

### 10.5 **Board's Discretion**

The Board has absolute and unfettered discretion:

- (a) To act or refrain from acting under these Rules or concerning the Plan or any Shares allocated under the Plan; and
- (b) In exercising any power or discretion concerning the Plan or any Shares allocated under the Plan.

## 11. DUTIES AND TAXES

The Company:

- (a) Is not responsible for any duties or taxes which are or may become payable on the transfer, allotment or issue of Shares under the Plan or any other dealing with the Shares (except to the degree it accepts those costs in accordance with Rule 5.3); and
- (b) May make any withholding or payment which it is required by law to make in connection with the Plan or the Shares.

## 12. NO COMPENSATION OR DAMAGES

### 12.1 Terms of employment not affected

- (a) The rights and obligations of a Participant under the terms of his or her employment by a Group Company are not affected by his or her participation in the Plan.
- (b) These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Participant and an Eligible Participant .

### 12.2 No right to compensation

No Participant has any right to compensation or damages as a result of the termination of his or her employment by a Group Company for any reason, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.

## 13. MAXIMUM NUMBER OF SHARES

### 13.1 Total maximum number of Shares

The aggregate number of Shares provided to Participants under this Plan must not exceed 5.0% of the issued Shares of all classes of the Company.

### 13.2 Individual's maximum number of Shares

The total number of Shares acquired by a Participant under this Plan together with other holdings of Shares of all other Participants and Employees and Executives under any other employee or executive share or option plan of the Company must not exceed 5% of the issued share capital of the Company.

## 14. NOTICES

A notice or other communication under or concerning the Plan is validly given:

- (a) By an employer to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile at his or her place of work or sent electronically to the addressee's nominated email address; and
- (b) By a Participant to his or her employer if delivered or sent by prepaid post addressed to the company secretary at the employer's registered office (or any other address the Board specifies).

A notice or other communication sent by post from within Australia will be treated as received 48 hours after it was posted. A notice or other communication sent by post from outside Australia will be treated as received 7 days after it was posted.

15. **GOVERNING LAW**

The Plan is governed by the laws of Queensland and the Commonwealth of Australia.