

APPEN LIMITED

ACN 138 878 298

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Appen Limited (the **Company**) will be held at the offices of Norton Rose Fulbright, Grosvenor House, Level 18, 225 George Street, Sydney, NSW, 2000 on Friday 22 May 2015 at 10.00am (AEST) (**Meeting**).

The Explanatory Notes to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Notes and the Proxy Form form part of this notice.

BUSINESS OF THE MEETING

Item 1: Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2014.

Item 2: Remuneration Report

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

"To adopt the Remuneration Report for the year ended 31 December 2014."

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 3: Election of Directors

Item 3.1: Election of Robin Low

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

"That Ms Robin Low, being a director who is retiring in accordance with clause 67.2 of the Company's Constitution and Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a director of the Company."

Item 3.2: Election of Stephen Hasker

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

"That Mr Stephen Hasker, being a director who is retiring in accordance with clause 67.2 of the Company's Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

Item 4: Re-election of Directors

Item 4.1: Re-election of Christopher Vonwiller

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

"That Mr Christopher Vonwiller, being a director who is retiring in accordance with clause 68.1 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

Item 4.2: Re-election of William Pulver

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

"That Mr William Pulver, being a director who is retiring in accordance with clause 68.1 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

Item 4.3: Re-election of Jeremy Samuel

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

"That Mr Jeremy Samuel, being a director who is retiring in accordance with clause 68.1 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

Item 5: Additional 10% Placement Capacity

To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of 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 Notes."

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 6: Approval of the Appen Equity Incentive Plan and the subsequent issue of securities under that plan

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

"That for the purposes of Listing Rule 7.2, Exception 9(b), and for all other purposes, shareholders approve the Appen Equity Incentive Plan and the subsequent issue of securities under that plan, on the terms and conditions outlined in the Explanatory Notes."

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

ENTITLEMENT TO VOTE

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7pm (AEST) on Wednesday 20 May 2015 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

ANNUAL REPORT

Copies of the Company's full Annual Report may be accessed at our website www.appen.com and clicking on the Investors tab.

VOTING OPTIONS AND PROXIES

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Annual General Meeting.

Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceed that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Item 2 (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- If a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

Proxy Voting by the Chair

For Item 2 (Remuneration Report), where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Item 2 the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for this item of business.

The Chair intends to vote all undirected proxies in favour of the resolutions put in the Notice of Meeting.

Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 10.00am (AEST) on Wednesday 20 May 2015 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Link Market Services Limited using the reply paid envelope or Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline;
- (ii) **By fax** to Link Market Services Limited on +61 2 9287 0309;
- (iii) **Online** via the Company's Share Registry website at www.linkmarketservices.com.au. Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

CORPORATE REPRESENTATIVES

Where a shareholding is registered in the name of a corporation, the corporate shareholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD



Leanne Ralph
Company Secretary
22 April 2015

Explanatory Notes

Notes on Business

ITEM 1 – Financial Statements

As required by section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**) the financial report, directors' report and auditor's report of the Company for the most recent financial year will be presented to the meeting. The financial report contains the financial statements of Appen Limited.

There is no requirement for a formal resolution on this item.

The Chair of the meeting will allow a reasonable opportunity at the meeting for shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, KPMG, questions about its audit report, the conduct of its audit of the Company's financial report for the year ended 31 December 2014, the preparation and content of its audit report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of KPMG in relation to the conduct of the audit.

Shareholders may submit written questions to KPMG to be answered at the meeting, provided the question is relevant to the content of KPMG's audit report or the conduct of the audit of the company's financial report for the year ended 31 December 2014.

Written questions must be received no later than 5.00pm (AEST) on 15 May 2015. Any written questions to KPMG can be sent to Link Market Services, Locked Bag A14, Sydney South NSW 1235. (or by Fax: +61 2 9287 0303).

ITEM 2 – Adoption of remuneration report

2.1 Reasons for Resolution

In accordance with section 300A of the Corporations Act the Company has proposed a remuneration report for the consideration of shareholders.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the board or the Company.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward.

In summary, the remuneration report in the Annual Report:

- explains the principles used for determining the nature and amount of remuneration of directors and senior managers of the Company;
- outlines the role of the Remuneration and Nomination Committee;
- sets out remuneration details for each director and senior executive of the Company (including the value of any options granted to those persons);
- outlines service contracts of key management personnel; and
- provides details of options granted to directors and key management personnel.

Item 2: The Board unanimously recommends that Shareholders vote in favour of this resolution.

2.2 Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on Item 2 by any member of the Company's key management personnel (**KMP**) or a closely related party of any such member unless the person:

- (i) votes as a proxy appointed by writing that specifies how the person is to vote on the resolutions; or
- (ii) is the Chairman of the Meeting and votes as a proxy appointed by writing that authorises the Chair to vote on the resolutions even though that resolution is connected with the remuneration of a member of the Company's KMP.

What this means for shareholders: If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct him how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

ITEM 3 – Election of Directors

In accordance with Clause 67.2 of the Company's constitution and ASX Listing Rule 14.4 any director appointed to fill a casual vacancy or as an additional director holds office until the next annual general meeting of shareholders and is then eligible for re-election.

Ms Robin Low and Mr Stephen Hasker have been appointed as directors during the year and offer themselves for election at this Meeting. Details of Ms Low and Mr Hasker are outlined below.

Item 3.1: Election of Robin Low

Ms Low was appointed to fill a casual vacancy as a director of the Company on 30 October 2014. Ms Low therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered herself for election.

Ms Low was a partner at PricewaterhouseCoopers with over 28 years' experience in financial services, particularly insurance, and in assurance and risk management. Ms Low is a member of the Audit and Assurance Standards Board and is on the boards of a number of not-for-profit organisations including Sydney Medical School Foundation, Public Education Foundation and Primary Ethics. Robin holds a Bachelor of Commerce from The University of New South Wales, is a Fellow of the Institute of Chartered Accountants in Australia, and is a Graduate Member of the Australian Institute of Company Directors. Ms Low is also a Director of Austbrokers Holdings Limited (ASX: AUB), CSG Limited (ASX: CSV) and IPH Limited (ASX: IPH). She is Chairman of the Audit and Risk Committee.

Item 3.1: The Board unanimously (other than Ms Low) recommends that Shareholders vote in favour of this resolution.

Item 3.2: Election of Stephen Hasker

Mr Hasker was appointed to fill a casual vacancy as a director of the Company on 7 April 2015. Mr Hasker therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for election.

Mr. Hasker is currently the Global President of Nielsen, overseeing Nielsen's media business as well as its entire global product portfolio across the media and consumer sectors. Prior to joining Nielsen in 2009, he was a partner at McKinsey & Company's Global Media, Entertainment and Information practice. In this role he was responsible for serving clients on issues of strategy, growth and innovation in television, syndicated information, filmed entertainment, sports and digital advertising. Prior to McKinsey, Mr. Hasker spent five years in several financial roles in the U.S., Russia and Australia.

Mr. Hasker holds an economics degree from the University of Melbourne and has an MBA and a Master's in International Affairs, both with honors, from Columbia University.

Item 3.2: The Board unanimously (other than Mr Hasker) recommends that Shareholders vote in favour of this resolution.

ITEM 4 – Re-election of Directors

Clause 68.2 of the Constitution also states that an election of directors must be held at each Annual General Meeting. The constitution states that one-third of all directors must retire and offer themselves for re-election, excluding the Managing Director and directors appointed during the year by the Board. If no directors are scheduled to be elected by virtue of the ASX Listing Rules or the constitution, then one-third of directors must still retire and be re-elected by the members of the Company. Normally, this would be the director (other than the Managing Director) who has held office the longest since being appointed or last being elected.

ASX Listing Rule 14.4 states that no director is entitled to hold office without re-election past the third AGM following the director's appointment or three years, whichever is longer.

Mr Vonwiller, Mr Pulver and Mr Samuel have all been directors for a period exceeding 3 years and thus are submitting themselves for re-election at this meeting.

Details of these directors are outlined below.

Item 4.1: Re-election of Christopher Vonwiller

Mr Vonwiller holds degrees in Science and Engineering (Hons) (University of Sydney), MBA (Macquarie University) He is the Non-Executive Chairman of Appen having formerly served as Appen CEO from 1999-2010. Prior to joining Appen, Chris served for 20 years in senior executive positions with the Australian telecommunications carrier Telstra Corporation Limited, playing a leading role in the development and deployment of innovative internet services, multimedia, and pay television. Chris is a former Chairman of the Warren Centre for Advanced Engineering at The University of Sydney. For his work at Appen, Chris was named an Innovation Hero by the Warren Centre in June 2007.

Mr Vonwiller is Chairman of the board.

Item 4.1: The Board unanimously (other Mr Vonwiller) recommends that Shareholders vote in favour of this resolution.

Item 4.2: Re-election of William Pulver

Mr Pulver holds a BCom (Marketing) and is Non-Executive Director having originally joined Appen as Chief Executive Officer (CEO) in April 2010 overseeing the merger of Appen and Butler Hill in 2011. In January 2013, Bill transitioned to a non-executive director role on the Appen board, after taking on the role of CEO of the Australian Rugby Union. Prior to joining Appen, Bill served as president and chief executive officer of NetRatings, Inc., a NASDAQ-listed company, headquartered in New York and specialising in Internet media and market research. Bill led NetRatings until it was bought by The Nielsen Company in June 2007 and was responsible for its extensive growth through organic product development and acquisitions.

Mr Pulver is Chairman of Nominations and Remuneration Committee.

Item 4.2: The Board unanimously (other Mr Pulver) recommends that Shareholders vote in favour of this resolution.

Item 4.3: Re-election of Jeremy Samuel

Mr Samuel holds an MBA, BA and an LLB. He has been a Non-Executive Director of Appen since October 2009 and is the founder and Managing Director of Anacacia Capital Pty Limited. Jeremy is a director of several companies in which Anacacia's funds has invested, including Yumi's Quality Foods and was formerly a director of Rafferty's Garden, Home Appliances and Lomb Scientific. Anacacia Capital Pty Limited is the fund manager of the Wattle Fund and also Anacacia Partnership 1LP which is a substantial shareholder in Appen.

Item 4.3: The Board unanimously (other Mr Samuel) recommends that Shareholders vote in favour of this resolution.

ITEM 5: Additional 10% Placement Capacity

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). If Shareholders approve the resolution in Item 5, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in 5.2 below).

The Company is an Eligible Entity. The effect of the resolution in Item 5 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the meeting, without Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The resolution in Item 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this resolution for it to be passed.

5.2 10% Placement Capacity

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek Shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the A&P/ASX 300 Index and has a current market capitalisation at the 13 April 2015 of \$68,068,410.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of Equity Securities on issue, being quoted ordinary shares and unlisted options.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A is outlined in Listing Rule 7.2A.2. This rule provides that Eligible Entities which 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, a number of Equity Securities calculated according to the following formula:

$(A \times D) - E$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (d) less the number of Shares cancelled in the previous 12 months.
- D is 10%
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary shares under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this resolution.

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 (five) ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If the resolution in Item 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.355 (50% decrease in current market price)	\$0.71 (Current market price)	\$1.42 (100% increase in current market price)
95,871,001 (Current Variable A)	Shares issued – 10% voting dilution	9,587,100	9,587,100	9,587,100
	Funds raised	\$3,403,420	\$6,806,841	\$13,613,682
143,806,502 (50% increase in Variable A) *	Shares issued – 10% voting dilution	14,380,650	14,380,650	14,380,650
	Funds raised	\$5,105,131	\$10,210,262	\$20,420,523
191,742,002 (100% increase in Variable A) *	Shares issued – 10% voting dilution	19,174,200	19,174,200	19,174,200
	Funds raised	\$6,806,841	\$13,613,682	\$27,227,364

* The number of shares on issue (Variable A in the formula) could increase as a result of the issue of shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issue under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above has been prepared on the following assumptions:

1. Variable A is 95,871,001 which is the shares currently on issue.
2. The market price set out above is the closing price of the Shares on the ASX on 13 April 2015.
3. The Company issues the maximum possible number of shares under the 10% Placement Capacity.
4. The Company has not issued any other Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. 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 Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of issue under 10% Placement Capacity

The Company may seek to issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for working capital purposes or potential acquisitions; or
- (ii) as non-cash consideration for services, equipment or product. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3. The minimum issue price limitation as set out in Listing Rule 7.1A .3 applies to issues for non-cash consideration.

The Company will comply with the disclosure obligations under Listing Rules 7.1A4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both).

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) The purpose of the issue;
- (ii) Alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) The effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) Previous Approval under ASX Listing Rule 7.1A

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.4 Voting Exclusion Statement

The Company will disregard any votes cast on Item 5 by any person who may participate in the issue of Equity Securities under this item and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However the Company will not disregard a vote if it is cast by a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on the resolution in Item 5.

Item 5: The Board unanimously recommends that Shareholders vote in favour of this resolution.

ITEM 6 – Approval of the Appen Equity Incentive Plan and the subsequent issue of securities under that plan

6.1 Background

In general, without Shareholder approval, ASX Listing Rule 7.1 prohibits the Company issuing equity securities, which in aggregate exceed 15% of the fully paid ordinary share capital of the Company in a 12 month period.

Exception 9 to ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply in respect of the issue of securities by the Company under an employee incentive scheme (such as the Employee Share Plan), if within 3 years before the date of issue of the relevant securities, the Shareholders have approved the issue of securities under that employee incentive scheme.

The Company proposes to establish the Appen Equity Incentive Plan and wishes to exclude issues of securities under the Equity Incentive Plan from the limit in ASX Listing Rule 7.1 on issuing securities. The Shares which may be granted under the Equity Incentive Plan will form part of eligible employees' remuneration packages, and are intended to provide an incentive to those eligible employees and to recognise their contribution to the Company's success.

The Directors consider that the incentive represented by securities issued under the Equity Incentive Plan is a cost effective and efficient incentive offered by the Company when compared with alternative forms of incentive such as cash bonuses or increased remuneration.

Shareholder approval of the Equity Incentive Scheme has not previously been sought, and no securities have been issued under the Equity Incentive Plan.

Accordingly, Resolution 6 seeks the approval by Shareholders pursuant to Exception 9 to ASX Listing Rule 7.2 for the issue of securities under the Equity Incentive Scheme.

6.2 Summary of the terms of the Appen Equity Incentive Plan

A summary of the terms of the Equity Incentive Plan is set out below. A full copy of the Equity Incentive Plan Terms and Conditions are available on the Company's website and as an annexure to this Notice.

Under the Equity Incentive Plan, the Board may, from time to time, issue Shares, Rights or Options (**Plan Interest**) to 'Eligible Persons', being employees contractor, consultant or executive director's of the Company and its subsidiaries provided the issue of Shares meets certain qualifying requirements, including certain conditions under the Tax Act. These include:

- the Equity Incentive Plan must be operated on a 'non-discriminatory basis'
- the terms of Plan Interests issued under the Equity Incentive Plan are set in accordance with the offer details. For Rights and Options, there are vesting periods that are required to be met before the Shares are issued or Options are exercisable. In respect to Options, the period required will be period of four years from the date of exercise. These periods may change due to end of employment with the Company as a result of death or other special circumstances as determined by the Board.
- the Equity Incentive Plan cannot include any condition that constitutes a real risk of the holder forfeiting or losing their Plan Interest (other than by disposing of them).

Plan Interests may be issued under the Equity Incentive Plan for nil consideration or the Board may determine that a price be payable by the Eligible Persons for the Shares.

The Board may at its discretion (but subject to meeting the conditions under the Tax Act) determine which Eligible Persons will be offered securities under the Equity Incentive Plan, and the number of Plan Interests offered to each such Eligible Person.

Invitations to Eligible Persons to apply for Plan Interests are to be made in writing and Eligible Persons who wish to make an application must do so in writing.

The Shares allotted under the Plan will be of the same class currently on issue (ordinary shares) and will rank equally with Shares in the Company at the date of issue. Holders are entitled to receive any dividend paid on Shares and to exercise all voting rights attaching to those Shares.

The Company will apply to the ASX for official quotation of any new Shares issued under the Equity Incentive Plan and also for new Shares issued as a result of the exercise of Options or Performance Rights issued under the Equity Incentive Plan.

The Company will impose a holding lock (if required) with the Company's Share Registry to enforce the transfer restriction, and holders of Shares issued under the Equity Incentive Plan will not be able to trade the Shares until the holding lock is lifted by the Company.

Voting exclusion

The Company will disregard any votes cast on the proposed Item 6 by any Director of the Company (except one who is ineligible to participate in the Equity Incentive Plan) and any associate of any such persons. However, the Company need 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) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy does.

Item 6: The Board unanimously (other than Ms Braden-Harder) recommends that Shareholders vote in favour of this resolution.

Chairman's Voting Intention

The Chairman of the Meeting intends to vote all available proxies in favour of all resolutions.

GLOSSARY

10% Placement Capacity has the meaning given in section 5.2 of the Notice

\$ means Australian Dollars

AEST means Australian Eastern Standard Time as observed in Sydney, Australia.

Annual General Meeting or Meeting means the meeting convened by the Notice

ASX means ASX Limited

ASX Listing Rules means the Listing Rules of the ASX.

Board means the current board of directors of the Company.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means Appen Limited (ACN 138 878 298)

Constitution means the Company's Constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that at the date of the relevant General Meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) Has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Notes means the Explanatory Notes accompanying the Notice.

Key Management Personnel has the meaning as defined in section 9 of the Corporations Act.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting and the explanatory notes accompanying the Notice and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 31 December 2014.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

APPEN LIMITED
EQUITY INCENTIVE PLAN - TERMS & CONDITIONS

1. INTRODUCTION

1.1 Object of the Terms & Conditions

These Terms & Conditions are the overarching terms and conditions that apply to all Plans other than any equity plan to which Board determines they should not apply.

1.2 Purpose of the Plans

The purpose of each Plan is:

- (1) to provide Eligible Persons with an incentive plan which recognises ongoing contribution to the achievement by the Company of its strategic goals thereby encouraging the mutual interdependence of Participants and the Company;
- (2) to establish an employee share scheme within the meaning of Division 83A of the Tax Act and ASIC Class Order 14/1000 (as applicable) (to the extent the employee share scheme provisions of the Tax Act and ASIC Class Order 14/1000 may be applicable to current or future plans);
- (3) to align the interests of Participants with shareholders of the Company through the sharing of a personal interest in the future growth and development of the Company as represented in the price of the Company's ordinary fully paid shares;
- (4) to encourage Eligible Persons to improve the performance of the Company and its total return to Shareholders; and
- (5) to provide a means of attracting and retaining skilled and experienced employees.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this document, unless the context requires otherwise:

Administrator means any person engaged by the Board to carry out the day-to-day administration of the Plans as contemplated by Rule 8.2(6).

Application Form means the form that the Board determines from time to time is to be used by an Eligible Person to make an offer to participate in a Plan.

ASIC means the Australian Securities and Investments Commission.

ASIC Class Order 14/1000 means Class Order 14/1000 as issued by ASIC and updated or replaced from time to time;

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Limited ABN 49 008 504 532.

ASX means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as the context requires.

Board means the Board of Directors of the Company or any Committee of the Board or any person to whom any authority has been delegated under clause 8.2(4).

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in New South Wales, Australia.

Company means Appen Limited ABN 60 138 878 298.

Constitution means the constitution of the Company.

Control of an entity means having the right:

- (1) to vote 50% (or more) of the votes that can be cast on the election or removal of the entity's directors;
- (2) to appoint or remove directors who possess 50% (or more) of the votes exercisable by all directors of the entity; or
- (3) to 50% (or more) of the profits or distributions of the entity or of its net liquidation proceeds.

For this definition, if the entity does not have a Board of Directors, 'director' means a member of the entity's governing body with a role similar to a Board of Directors.

Control Event means any of the following:

- (1) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company; or
- (2) any other event which the Board reasonably considers should be regarded as a Control Event.

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

Date of Registration means with respect to a Plan Interest, the date that a Participant acquires a legal or beneficial interest.

Deferred Share Plan means a Plan to which Subdivision 83A-C of the Tax Act applies to allow deferral of income (subject to the conditions in the Tax Act as amended from time to time), and may include a Salary Sacrifice Plan.

Disposal Restrictions means, in relation to a Plan Share, the restrictions (if any) determined by the Board at the time of offer of that Plan Share that must be satisfied before the Plan Share may be Disposed of by a Participant.

Dispose means, in relation to a Plan Share, sell, transfer, grant an option over, create a Third Party Right in, deal with or otherwise dispose of the Plan Share or Share (as the case may be) or any interest in the Plan Share.

Eligible Person means an employee, contractor, consultant or executive director of the Group or any other person whom the Board determines to be eligible to participate in the Plans from time to time and who is not prohibited from participating in the Plans by virtue of these Terms & Conditions.

Employee Share Scheme has the meaning given to it in the Tax Act.

Exempt Share Plan means a Plan under which an Eligible Person is offered Plan Shares not exceeding a total value of \$1,000 or such other amount as permitted under the Tax Act (as amended from time to time) that may be reduced from the assessable income of that Eligible Person for the income year in which the Eligible Person acquires those Plan Shares.

Exercise Price means the price payable (if any) per Share to exercise an Option or a Right.

Expiry Date means the date on which a Plan Interest lapses, or the date determined by a method of calculating when a Plan Interest lapses, as specified at the time of the offer.

Forfeiture Conditions means, in relation to a Plan Interest, the conditions (if any) determined by the Board at the time of offer of that Plan Interest that will result in forfeiture of the Plan Interest.

Group means the Company and any Subsidiary of the Company.

Holding Lock has the same meaning as in the Listing Rules.

Holding Lock Period means the period commencing on the Date of Registration and expiring on the date as determined by the Board at the time of offer of the Plan Share, such as removal of the Holding Lock or satisfaction of the Disposal Restrictions.

Invitation means an invitation made in accordance with clause 3.1(1) and clause 3.2.

Law means any applicable statute, regulation, by-law, ordinance or subordinate legislation in force from time to time in the relevant jurisdiction, including common law and equity, as applicable from time to time.

Legal Personal Representative means:

- (a) the executor of the will or an administrator of the estate of a deceased person;
- (b) the trustee of the estate of a person under a legal disability; or
- (c) any beneficiary of the estate of the deceased person as nominated by the executor, administrator or trustee.

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

Option means an option to acquire Shares, subject to these Terms & Conditions and any Vesting Conditions and payment of any Exercise Price as specified at the time of the offer of the option.

Participant means a person who acquires a legal or beneficial interest in Plan Interests under a Plan and includes the Legal Personal Representative of the person.

Performance Conditions means, in relation to a Plan Interest, the conditions (if any) determined by the Board that must be satisfied in the Performance Period.

Performance Period means, in relation to a Plan Interest, the period determined by the Board.

Permanent Disability means, in relation to a Participant, the inability, by reason of physical condition, mental illness or accident, of the Participant to perform substantially all of the duties of the position in which the Participant has been employed or appointed (as determined by the Board).

Plan or Plans means:

- (1) any equity incentive scheme; and
- (2) any Employee Share Scheme

established by the Board and operated in accordance with these Terms & Conditions (and for the avoidance of doubt, also in accordance with any additional rules made pursuant to clause 8.2(1)), including but not limited to an Exempt Share Plan, a Salary Sacrifice Plan and/or a Deferred Share Plan.

Plan Interest means a Share, Option or Right allocated under a Plan.

Plan Share means a Share allocated under a Plan and which remains subject to these Terms and Conditions.

Qualifying Reason means, in relation to a Participant, the cessation of employment of the Participant with the Group due to his or her death or Permanent Disability or any other reason determined by the Board from time to time.

Right means, without limiting the operation of clause 6.3, a non-transferable right to receive, subject to these Terms & Conditions and any Vesting Conditions, the number of Shares specified at the time of the offer of the right.

Salary Sacrifice Plan means a Plan:

- (1) which is intended to be subject to the deferred taxation arrangements as permitted under the Tax Act and to which Subdivision 83A-C of the Tax Act applies (subject to the requirements of the Tax Act as amended from time to time); and
- (2) under which the total market value of the Plan Interests that may be acquired by an Eligible Person under any Plans during the year does not exceed \$5,000 (or such other amount as prescribed by the Tax Act as amended from time to time).

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

Shareholder means a holder of Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Tax includes any tax (whether direct or indirect), levy, impost, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

Tax Act means the *Income Tax Assessment Act 1997* (Cth) and any amendments to that Act or any additional legislation which applies to Employee Share Schemes.

Terms & Conditions means these terms and conditions governing the Plans as amended from time to time pursuant to clause 8.1, and includes any additional rules made pursuant to clause 8.2(1) or contained within any offer letter or Invitation.

Third Party Right means:

- (1) any third party interest, including a mortgage, charge, assignment by way of security, lien, pledge, hypothecation, title retention arrangement, preferential right or a trust arrangement;
- (2) any arrangement having a commercial effect equivalent to anything in (a); and
- (3) any agreement to create an interest described in (a) or an arrangement described in (b).

Trading Policy means the Company's Securities Dealing Policy (as amended from time to time) that has been released to the ASX under ASX Listing Rule 12.10.

Vesting Conditions means the combination of any Performance Conditions and any Forfeiture Conditions.

Vesting Date means the date on which Vesting Conditions are satisfied or determined by the Board to be satisfied.

2.2 Interpretation

In these Terms & Conditions, unless the context otherwise requires:

- (1) a reference to any thing (including an amount or a provision of these Terms & Conditions) is a reference to the whole and each part of it;
- (2) the singular includes the plural, and vice versa;
- (3) the word 'person' includes an individual, a body corporate, a firm, an unincorporated body, a society, an association and an authority;
- (4) a reference to a particular person includes their legal personal representatives, administrators, successors, substitutes and permitted assigns;
- (5) a reference to '**costs**' includes charges, expenses and legal costs;
- (6) a reference to a '**clause**' in these Terms & Conditions, '**a rule**' or '**additional rules**' is the clause, the rule or rules (as the case may be) as amended or replaced;
- (7) a reference to a document or an agreement is to that document or agreement as amended or replaced;
- (8) a reference to 'dollars', '\$' or 'A\$' is to the lawful currency of Australia;
- (9) a time means that time in Victoria, Australia;
- (10) a reference to a day or a month means a calendar day or calendar month but Business Day has that meaning given to it in clause 2.1;
- (11) if a period of time starts from a given day (or event), it is to be calculated exclusive of that day (or the day the event occurs);
- (12) the masculine includes the feminine, and vice versa; and
- (13) the meaning of any general language is not restricted by any accompanying example and the words 'includes', 'including' 'such as' or 'for example' (or similar phrases) are not words of limitation.

2.3 Headings

Headings in this document are for convenience only and do not affect its meaning.

2.4 Omission of certain provisions

If (but for this clause) a provision of this document would be illegal, void or unenforceable or contravene the law, this document is to be interpreted as if the provision was omitted.

3. OPERATION OF THE PLAN

3.1 Invitation to participate

Subject to these Terms & Conditions, the Board may from time to time do all or any of the following under the Plan:

- (1) invite an Eligible Person to acquire Plan Interests;
- (2) grant Plan Interests to an Eligible Person;

as part of the Eligible Person's remuneration.

3.2 Form of invitation

An invitation made under clause 3.1 shall be in such form and content and subject to such conditions and rules as the Board determines, including, if applicable:

- (1) either:
 - (1) the number or value of Plan Interests to which the invitation relates; and/or
 - (2) the basis on which the number or value of Plan Interests to which the invitation relates is to be determined;
- (2) either:
 - (1) the date on which the Plan Interests will be allotted; and/or
 - (2) the basis on which the date on which the Plan Interests will be acquired is to be determined;
- (3) either:
 - (1) the amount payable by the Eligible Person (if any) to acquire Plan Interests; and/or
 - (2) the basis on which the amount payable by the Eligible Person (if any) to acquire Plan Interests is to be determined;
- (4) the Performance Period (if any);
- (5) the Performance Conditions (if any);
- (6) the Forfeiture Conditions (if any);
- (7) the Disposal Restrictions (if any);

- (8) the Holding Lock Period (if any);
- (9) the Expiry Date (if any);
- (10) the Exercise Price (if any); and
- (11) any other matters required to be specified at the time of the offer by either the Corporations Act or the Listing Rules.

3.3 Acceptance of an Invitation

- (1) Acceptance of an Invitation must be made in accordance with the instructions that accompany the Invitation, or in any other way the Board determines.
- (2) The Board may only allow the participation of an Eligible Person where that Eligible Person continues to satisfy any relevant conditions imposed by the Board (which may include, without limitation, that the Eligible Person continues to be an employee of the Group at the time of the grant of Plan Interests).
- (3) Nothing limits the Board's ability to treat the conduct of an Eligible Person in respect of an Invitation (including the failure of an Eligible Person to lodge an election not to participate within the time specified in the instructions accompanying the Invitation) as valid acceptance of that Invitation under these Terms & Conditions.

3.4 Plan Interests subject to the Terms & Conditions

Generally, Plan Interests will be subject to these Terms & Conditions until such time as the Plan Interest:

- (1) is registered in the name of the Participant; and
- (2) is not subject to any Vesting Conditions; and
- (3) is not subject to a Holding Lock; and
- (4) is not subject to any Disposal Restrictions.

3.5 Binding nature of these Terms & Conditions

The Plans shall operate in accordance with these Terms & Conditions, which bind the Company and each Participant.

3.6 Issue or On-Market Acquisition

Plan Shares or Shares (as the case may be) may be delivered to a Participant by, at the absolute discretion of the Board, the issue, transfer and/or purchase of Plan Shares or Shares (as the case may be) on behalf of the Participant.

3.7 Trustee

The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Plan Shares or Shares (as the case may be) either on behalf of Participants or for the purpose of a Plan.

3.8 Ranking of Plan Shares

Plan Shares will rank equally with all existing Shares on and from the Date of Registration in respect of all Shareholder entitlements (including rights issues, bonus issues and dividends) which have a record date for determining entitlements on or after the date of issue of those Plan Shares.

3.9 Quotation

Where Plan Shares or Shares (as the case may be) acquired under the Plans are not yet quoted on the official list of ASX, the Company must apply for quotation of those Plan Shares or Shares (as the case may be) on the official list of ASX as soon as practicable after the acquisition of those Plan Shares or Shares (as the case may be), so long as the Plan Shares or Shares (as the case may be) are quoted on the official list of ASX at that time.

The Company will not seek official quotation by ASX of any Rights or Options.

4. LIMITATIONS ON OFFERS OF PLAN INTERESTS

4.1 Overriding Restrictions

Notwithstanding anything else in these Terms & Conditions, the Plans must be operated in accordance with the Constitution, any Law, the Listing Rules and the ASX Settlement Operating Rules.

4.2 No assignment

Unless the Board determines otherwise, a Participant must not assign to any other person any of their legal or equitable rights to Plan Interests, except a Participant's Legal Personal Representative, to be delivered Shares upon vesting of Rights or exercise of Options.

4.3 No Disposal of Shares

Participants must not Dispose of any Plan Share until the removal of any Disposal Restrictions.

4.4 Lapse of Plan Interests

Subject to the rules of any relevant Plan, a Plan Interest will lapse upon the earliest to occur of:

- (1) the expiry date;
- (2) failure to meet a Performance Condition applicable to the Plan Interest within the applicable Performance Period; or
- (3) the occurrence of a Forfeiture Condition.

4.5 Effect of lapse

On a Plan Interest lapsing, all rights of a Participant under the relevant Plan in respect of that Plan Interest cease and no consideration or compensation will be payable for or in relation to that lapse.

5. STATEMENT OF PLAN INTERESTS

If applicable, as soon as practicable after the allotment of Plan Interests, the Company must forward to the Participant a statement which will include all relevant information in relation to the offer of Plan Interests and any information required by any Law.

6. VESTING AND CONVERSION

6.1 No Interest

A grant of Rights or Options does not confer any legal or equitable interests in Plan Shares or Shares (as the case may be) represented by the Rights or Options until the relevant Vesting Date and any exercise or conversion to Plan Shares or Shares (as the case may be) has been completed.

6.2 Vesting and Exercise of Rights or Options

The vesting, exercise or conversion of any Right or Option will only occur in accordance with the terms of the relevant offer of the Right or Option.

6.3 Discretion to make cash payment

- (1) The Board may determine in its absolute discretion that a vested Right will be satisfied by the Company making a cash payment to the Participant in lieu of allocating Shares to the Participant;
- (2) Where the Board exercises its discretion under this clause, the Company must pay to the Participant, as soon as reasonably practicable, an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) calculated by:
 - (i) multiplying the number of vested Rights by the volume weighted average price of the Shares over the 5 days prior to the date determined by the Board for calculation under this clause; and
 - (ii) deducting and remitting to the ATO any related Tax liability.

6.4 Waiver, amendment or replacement

The Board may waive, amend or replace any performance measure in a Performance Condition attaching to a Right or Option if the Board determines that the relevant Performance Condition is no longer appropriate or applicable, provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

6.5 Cessation of Employment

Unless the Board determines otherwise, either prior to, or within three months of the date of cessation of employment, where a Participant ceases to be an employee of the Group all unvested Plan Interests held by the Participant, or on the Participant's behalf, will lapse or be forfeited, as the case may be.

Where the Board exercises its discretion under clause 6.5, it will give written notice to the Participant of its decision and the impact on the Participant's Plan Interests and any other information required by law.

6.6 Where, in the opinion of the Board, a Participant acts fraudulently or dishonestly, or is in breach of his or her obligations to the Company, any:

- (a) unvested Plan Interests held by the Participant;
- (b) vested but unexercised Options held by the Participant; and/or
- (c) Plan Shares,

will lapse or are deemed to be forfeited (as the case may be) immediately, unless the Board determines otherwise.

6.6 Trading Policy

Participants must comply with the Company's Trading Policy (including insider trading laws and restrictions) in relation to the sale of any Shares acquired on vesting and/or exercise of a Right or Option.

7. PRO-RATA ISSUES, RECONSTRUCTIONS OF CAPITAL AND TAKEOVERS

7.1 Subject to clause 7.3, in respect of a Right or Option, a Participant may not participate in:

- (a) new issues of Shares to Shareholders;
- (b) bonus issues of Shares or other securities to Shareholders; or
- (c) any pro-rata issue of Shares or other securities pro-rata to Shareholders,

unless the Option is exercised or the Right is converted into Shares or Plan Shares (as the case may be), in each case before the record date for the relevant issue.

7.2 Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Shares or Plan Shares that may be acquired by each Participant and/or the consideration (for example, Exercise Price) (if any) payable by the Participant for the acquisition of the Shares or Plan Shares (as the case may be), must be reconstructed to the extent necessary to comply with the Listing Rules as they apply at the relevant time, and in a manner that does not result in any additional benefits being conferred on Participants that are not conferred on Shareholders. However in all other respects, the terms for the conversion of Rights or Options will remain unchanged.

7.3 Bonus issues

If, prior to the exercise of an Option, the Company makes a bonus issue to the holders of its Shares, and the Option is not exercised prior to the record date in respect of that bonus issue, the Option will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Option had been exercised prior to the record date.

7.4 Pro-rata Issues

If, prior to the exercise of an Option, the Company makes a pro-rata offer of Shares to Shareholders, and the Option is not exercised prior to the record date in respect of that offer, the exercise price of the Option will be adjusted in accordance with the formula in the Listing Rules.

7.5 Change of Control

If there is a Control Event, the Board may in its discretion give written notice to Participants of the Control Event and:

- (a) convert all or any of the Participant's Rights to Shares whether or not the Performance Conditions have been met; and/or

- (b) permit the exercise of some or all Options whether or not the Vesting Conditions have been met; and/or
- (c) remove any Disposal Restrictions whether or not all requirements have been met.

7.6 Termination or other benefits

Nothing in these Terms & Conditions:

- (1) authorises the Board to provide any termination or other benefit to a Participant which, without the approval of Shareholders, would be prohibited under the Corporations Act or the Listing Rules; or
- (2) requires the Board to seek approval of Shareholders in relation to the provision of any termination or other benefit to a Participant.

8. ADMINISTRATION OF THE PLAN

8.1 Amendment

Subject to clause 4.1, these Terms & Conditions may be amended at any time and from time to time by the Board, in the Board's absolute unfettered discretion.

8.2 Powers of the Board

Subject to clause 4.1, a Plan will be managed by the Board which will have power to:

- (1) amend existing terms and conditions and/or make and amend additional rules and/or procedures for the operation, control and administration of the Plans and any matter incidental to a Plan;
- (2) resolve conclusively all questions of fact or interpretation arising in connection with a Plan;
- (3) determine matters falling for determination in connection with a Plan;
- (4) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its functions, powers or discretions arising under a Plan;
- (5) establish a trust (by way of a separate trust deed) to acquire and hold Plan Shares or Shares (as the case may be); and
- (6) appoint (and remove) an Administrator (by way of a separate agreement) to administer a Plan and determine the terms and conditions of the Administrator's appointment (and removal).

8.3 Discretion

A determination, decision, approval or opinion of the Board under these Terms & Conditions (or any additional rules made under clause 8.2(1)) will be in the absolute unfettered discretion of the Board.

8.4 Decision Final

In the absence of manifest error, the determination, decision, approval or opinion of the Board will be final. Any calculations or adjustments which are required to be made under the Plans

will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Participants.

8.5 Commencement of a Plan

A Plan will take effect on and from such date/s as the Board may resolve.

8.6 Termination or suspension of a Plan

The Board may terminate or suspend the operation of any one or more of the Plans at any time provided that the termination or suspension does not affect or prejudice the existing rights of Participants at that time.

8.7 Eligible Persons resident overseas

When a Plan Interest is granted under a Plan to an Eligible Person who is not a resident of Australia, the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Participant or to the Company in relation to the Plan Interest.

9. EMPLOYMENT RIGHTS

9.1 Discretion of the Board

It is a condition of these Terms & Conditions that a Plan may be terminated or suspended at any time at the discretion of the Board and that no compensation under any employment contract will arise as a result.

9.2 Calculation of employee benefits

The value of Plan Interests allocated under a Plan does not increase a Participant's income for the purpose of calculating any employee benefits.

9.3 No right to future employment

Participation in a Plan does not confer on any Participant any right to continue as an employee of the Group.

9.4 Termination of employment

Participation in a Plan does not affect any rights which the Group may have to terminate the employment of any Participant. Nothing in the Terms & Conditions, including participation in a Plan, may be used to increase damages in any action brought against the Group in respect of any termination of employment with the Group.

10. NOTICES

10.1 Notice to Participants

Any notice or direction given under these Terms & Conditions is validly given to a Participant if it is handed to the Participant concerned or sent by ordinary prepaid post to the Participant's last known address or sent to the email address last notified by the Participant or given in any reasonable manner which the Board from time to time determines.

10.2 Notice to the Company

Any notice given by a Participant to the Company under these Terms & Conditions must be in writing and directed to the address or email address notified at the time of offer of Plan Interests. Notices may be hand delivered or sent by prepaid post or electronic mail to the specified address.

10.3 Receipt of notices

Notices are taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, five Business Days after the date of posting;
- (c) if by electronic mail, when the electronic communication enters the relevant information system(s).

11. PLAN COSTS AND EXPENSES

11.1 Costs of the Company

Subject to clauses 11.2 and 11.3, unless otherwise determined by the Board, the Company must pay all costs relating to the establishment and operation of a Plan, including all costs and expenses in relation to the delivery of the Plan Interests except that the Company is not responsible for any Taxes which may become payable in connection with the Plan Interests or any other dealing with the Plan Interests.

11.2 Costs of Participants

Each Participant will pay all costs and expenses in relation to the sale, transfer or other disposal of any Plan Shares or Shares (as the case may be).

12. LOAN ARRANGEMENTS

Subject to compliance with all applicable laws, the Company may (but is not obliged to) provide to any Eligible Person any loan or facility or other form of financial accommodation for the purpose of facilitating participation by the Eligible Person in a Plan.

13. FINANCIAL ASSISTANCE

Subject to the Corporations Act, the Company may (but is not obliged to) financially assist a person to acquire Plan Interests under a Plan.

14. BUY BACKS

Subject to the Corporations Act, the Company may (but is not obliged to) buy back any Plan Shares.

15. WITHHOLDING TAX

The Company or any Group company may withhold from amounts otherwise owing to a Participant, or require the Participant to remit to it, an amount sufficient to satisfy all withholding tax obligations and any government imposts, in respect of any or all of the Shares issued or transferred under a Plan.

16. INCONSISTENCY

To the extent that the Terms and Conditions of an invitation are inconsistent with these Terms and Conditions, these Terms and Conditions will prevail.

17. GOVERNING LAW AND JURISDICTION

The laws of the State of Victoria, Australia, govern these Terms & Conditions and the rights of the Participants thereunder.

Each Participant irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the State of Victoria, Australia and courts entitled to hear appeals from those courts.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND

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



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am on Wednesday, 20 May 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

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



X99999999999

PROXY FORM

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

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Friday, 22 May 2015 at Norton Rose Fulbright, Grosvenor House, Level 18, 225 George Street, Sydney, NSW, 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolution 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
2 Remuneration Report	☐	☐	☐	5 Additional 10% Placement Capacity	☐	☐	☐
3.1 Election of Robin Low	☐	☐	☐	6 Approval of the Appen Equity Incentive Plan and the subsequent issue of securities under that plan	☐	☐	☐
3.2 Election of Stephen Hasker	☐	☐	☐				
4.1 Re-election of Christopher Vonwiller	☐	☐	☐				
4.2 Re-election of William Pulver	☐	☐	☐				
4.3 Re-election of Jeremy Samuel	☐	☐	☐				



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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

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