

Energy Technologies Limited
ABN 38 002 679 469

Notice of Annual General Meeting

Notice is hereby given that the **Annual General Meeting** of the members of **Energy Technologies Limited** (the **Company**) will be held at Bambach Wires and Cables, 102 Old Pittwater Road, Brookvale NSW 2100 on **30 November 2017** at **10.30am**.

BUSINESS OF THE MEETING

ORDINARY BUSINESS

1. Address by the Chairman

2. Financial Statements and Reports

To receive and consider the Audited Financial Statements of the Company and the Reports of the Directors of the Company, and Nexia Sydney Audit Pty Ltd as the auditors of the Company, for the year ended 30 June 2017.

3. Remuneration Report (Resolution 1):

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

"That the remuneration report for the year ended 30 June 2017 be adopted.

4. Re-election of Director (Resolution 2):

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

"That Mr Gary A Ferguson, who retires by rotation in accordance with Article 10.03 of the Company's Constitution, and being eligible, offers himself for re-election, be elected as a director of the Company."

5. Re-election of Director (Resolution 3):

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

"That Mr Matthew Driscoll, who retires in accordance with Article 10.05 of the Company's Constitution, and being eligible, offers himself for re-election, be elected as a director of the Company."

SPECIAL BUSINESS

6. Share Option Plan Approval (Resolution 4)

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

"That the Company approve for all purposes, including ASX Listing Rule 7.2 Exception 9, the Share Option Plan as described in the Explanatory Notes accompanying this Notice of Meeting, and the grant of options over securities of the Company from time to time under the Share Option Plan."

7. Directors Equity Plan Approval (Resolution 5)

That the Company approve for all purposes, including ASX Listing Rule 10.14, the Directors Equity Plan as described in the Explanatory Notes accompanying this Notice of Meeting, and the issue of securities of the Company under the Directors Equity Plan.

By order of the Board and Directors of the Company



Gregory Knoke
Company Secretary
19 October 2017

Notes:

Entitlement to Vote

For the purposes of the Corporations Regulation 7.11.37, the Board has determined that in relation to the Annual General Meeting being convened by this Notice shares will be taken to be held by the persons who are registered holders at 7.00 pm (Sydney time) on 28 November 2017.

Accordingly share transfers registered after that date will be disregarded in determining entitlements to attend and vote at the meeting.

Corporate Representation

If your holding is registered in a company name and you would like to attend the meeting (and do not intend to return a proxy form), please bring with you to the meeting a duly completed Appointment of Corporate Representative Form to enable you to attend and vote at the Annual General Meeting. Alternatively contact the Company's share registry, Computershare Investor Services Pty Limited, investor enquiries 1300 850 505, who will forward to you a form for completion.

Proxies

1. A member entitled to attend and vote is entitled to appoint a proxy.
2. A person who is entitled to cast two or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy appointed is entitled to exercise.
3. Appointment of a proxy by a member who is a corporation must be under its common seal or the hand of its attorney or the hand of a person duly authorised by the corporation.
4. A proxy need not be a member of the Company.
5. To be effective, the proxy form must be received by the Company at 102 Old Pittwater Road, Brookvale NSW 2100 or received by facsimile on (02) 9939 9812 not less than forty-eight (48) hours prior to the time for holding the meeting.

Directing your proxy

When appointing a proxy, members can direct the proxy as to how to vote on each item of business by marking either For, Against or Abstain on the proxy form for that item of business (i.e. a directed proxy), and the proxy must vote in that manner.

If a member does not direct the proxy as to how to vote (i.e. an undirected proxy), the proxy appointed by the member may vote as he or she thinks sees fit, except as noted below in relation to Resolution 1 (Remuneration Report).

The Chairman of the meeting will vote undirected proxies held by the Chairman on, and in favour of, all of the proposed resolutions put to the meeting.

Voting proxies on Resolution 1

If you appoint the Chairman of the meeting as your proxy and do not direct the Chairman how to vote on Resolution 1, he will vote your proxy in favour of that resolution. If you appoint any other member of the Company's Key Management Personnel or any of their closely related parties, and do not direct them how to vote, that person will not vote your undirected proxy on Resolution 1.

'Key Management Personnel' of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or non-executive) of the Company. A 'closely related party' of Key Management Personnel is a term defined in the Corporations Act and includes close family members, such as the children or spouse of the relevant Key Management Personnel, companies that person controls and other members of that person's family who may be expected to influence, or be influenced by, that person in that person's dealings with the Company.

Voting proxies on Resolutions 2 and 3

Shareholders entitled to vote on Resolutions 2 and 3 who appoint as their proxy the Chairman of the Annual General Meeting, can direct the Chairman how to vote by marking either "For", "Against" or "Abstain" on the proxy voting form.

Undirected proxies held by the Chairman will be voted in favour of resolutions 2 and 3. Undirected proxies held from any parties who are the subject of a voting exclusion in respect of a resolution will not be voted on that resolution. Undirected proxies held by any parties who are the subject of a voting exclusion in respect of a resolution will not be voted on that resolution.

Members are encouraged, should they chose to appoint a proxy, to direct that proxy as to how to vote on resolutions 2 and 3 by marking either **For**, **Against** or **Abstain** on the proxy form for that item of business.

Voting proxies on Share Option Plan Approval (Resolution 4) and Directors Equity Plan Approval (Resolution 5)

Shareholders entitled to vote on Resolution 4 (Share Option Plan Approval) or Resolution 5 (Directors Equity Plan Approval), who appoint as their proxy the Chairman of the Annual General Meeting, can direct the Chairman how to vote by marking either "For", "Against" or "Abstain" on the proxy voting form for Resolution 4 (Share Option Plan Approval) or Resolution 5 (Directors Equity Plan Approval) or can direct the Chairman to vote as the Chairman sees fit by marking the box on the proxy voting form. Failing to direct the Chairman will result in that shareholder's vote on each of Resolution 4 (Share Option Plan Approval) and Resolution 5 (Directors Equity Plan Approval) being disregarded.

Shareholders entitled to vote on Resolution 4 or Resolution 5 (Directors Equity Plan Approval), who appoint as their proxy, a Director of the Company or an associate of a Director (other than a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) should direct their proxy how to vote by marking either "For", "Against" or "Abstain" on the proxy voting form for Resolution 4 or Resolution 5. Failing to direct the proxy will result in that shareholder's vote on Resolution 4 or Resolution 5 (as the case may be) being disregarded.

Voting Exclusion Statements

Resolution 1 – Remuneration Report

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 (Remuneration Report) by a member of the Key Management Personnel of the Company details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member of the Key Management Personnel (each an **Excluded Shareholder**).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the proxy is to vote on the proposed resolution (i.e. a directed proxy) and the vote is not cast on behalf of an Excluded Shareholder; or
- (b) it is cast by the Chairman as a proxy of a person who is not an Excluded Shareholder, where the appointment does not specify how the Chairman is to vote, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or the consolidated entity.

Accordingly, members entitled to vote on Resolution 1 (Remuneration Report), who appoint as their proxy, a member of the Key Management Personal (**other than** the Chairman) of the meeting (or closely related parties of such persons), should direct their proxy as to how to vote. Failing to direct the proxy may result in that member's vote on Resolution 1 (Remuneration Report) being disregarded.

Resolution 4

In accordance with the ASX Listing Rules, in respect of Resolution 4 (Share Option Plan Approval), the Company will disregard any votes cast on the resolution by:

- any Director of the Company; and
- an associate of any Director of the Company.

However, the Company need not disregard any vote by any such person excluded from voting on Resolution 4 if:

- it is cast by any of them, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by any of them who is chairing the Annual General 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.

Shareholders entitled to vote on Resolution 4, who appoint as their proxy the Chairman of the Annual General Meeting, can direct the Chairman how to vote by marking either "For", "Against" or "Abstain" on the proxy voting form for Resolution 4 or can direct the Chairman to vote as the Chairman sees fit by marking the box on the proxy voting form. Failing to direct the Chairman will result in that shareholder's vote on Resolution 4 being disregarded.

Resolution 5

In accordance with the ASX Listing Rules, in respect of Resolution 5 (Directors Equity Plan Approval), the Company will disregard any votes cast on the resolution by:

- any Director of the Company; and
- an associate of any Director of the Company.

However, the Company need not disregard any vote by any such person excluded from voting on Resolution 5 if:

- it is cast by any of them, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by any of them who is chairing the Annual General 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.

Shareholders entitled to vote on Resolution 5, who appoint as their proxy the Chairman of the Annual General Meeting, can direct the Chairman how to vote by marking either "For", "Against" or "Abstain" on the proxy voting form for Resolution 5 or can direct the Chairman to vote as the Chairman sees fit by marking the box on the proxy voting form. Failing to direct the Chairman will result in that shareholder's vote on Resolution 5 being disregarded.

Explanatory Notes

These are the Explanatory Notes for the shareholders of Energy Technologies Limited (**Company**) for the Annual General Meeting to be held on 30 November 2017. The Explanatory Notes explain the items of business to be considered at the meeting and are provided to assist shareholders in their consideration of the proposed Resolutions 1 to 5 inclusive, contained in the Notice of Meeting, and form part of that Notice of Meeting.

Financial Statements and Reports

The *Corporations Act 2001* (Cth) ("**Corporations Act**") requires the financial report, directors' report and auditor's report to be laid before the meeting. There is no requirement either in the Corporations Act or the Company's Constitution for members to vote on, approve or adopt these reports.

Members will have a reasonable opportunity at the meeting to ask the Chairman questions and make comments on the business, operations and management of the Company. The auditor of the Company will also be available to take members' questions and comments about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the meeting, written questions to the Company's auditor about the conduct of the audit of the financial report and the preparation and content of the auditors' report, may be submitted no later than the fifth business day before the day on which the meeting is held (i.e. no later than 23 November 2017) to:

The Company Secretary
Energy Technologies Limited
102 Old Pittwater Road
Brookvale NSW 2100
Facsimile: +61 2 9939 9812

The Company will pass all written questions on to the auditor. The auditor will prepare and provide to the Company a question list which sets out the questions that the Company has passed on to the auditor and that the auditor considers to be relevant to the conduct of the audit of the financial report or the content of the auditor's report. Please note that a question may not be included in the question list if the question list includes a question that is substantially the same as that question or if it is not practicable to include the question in the question list because of the time when the question is passed on to the auditor.

There is no requirement for the auditor to provide written answers to the questions, however, if the auditor chooses to prepare written answers to any of the questions, the Chairman may permit the auditor to table the written answers at the meeting. The auditor will also answer questions asked at the meeting, however where questions concern issues raised in the written questions, the auditor may refer members to the written answers (if any). For the benefit of the meeting, the auditor will briefly outline to the meeting the matters covered in the written questions.

Resolution 1: to adopt the Remuneration Report

The Corporations Act requires the Remuneration Report be adopted at the meeting by a resolution. While there is a requirement for a formal resolution, the members' vote is advisory only and does not bind the Company, nor will it require the Company to alter any arrangements detailed in the Remuneration Report should the resolution not be passed.

The Remuneration Report is set out on pages 12 to 15 of the Company's 2017 Annual Report. (*The Annual Report is available on the Company's website at www.energytechnologies.com.au*). The Remuneration Report explains the structure of, and policy behind, EGY's remuneration practices and the link between the remuneration of employees and the Company's performance. The Report also sets out remuneration details of each director and for any specified executive. A Remuneration Committee has been established to evaluate and make recommendations to the Board regarding remuneration policy. Members will have a reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

From 1 July 2011, the Corporations Act has been amended so that if there are two consecutive Annual General Meetings of the Company held after 1 July 2011, and at least 25% of votes cast are against the adoption of the Remuneration Report put before the meeting (in accordance with section 250R of the Corporations Act), the second meeting must also consider a resolution that a further meeting of the Company's members be held within 90 days (a 'Spill Meeting') at which the then current directors of the Company (as at the time of the second meeting, but excluding the Manager Director) will cease to hold office immediately before the end of that Spill Meeting and resolutions will be put to the vote to appoint new directors of the Company to fill those vacancies (which may include re-election of those current directors).

All members of the Company are encouraged to cast their vote on Resolution 1 (Remuneration Report).

Voting on Resolution 1 by proxy

Undirected proxies held by the Chairman will be voted in favour of Resolution 1. Undirected proxies held by any other member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report (or closely related parties of such persons) will not be voted on Resolution 1 (Remuneration Report).

'Key Management Personnel' of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or non-executive) of the Company. A 'closely related party' of Key Management Personnel is a term defined in the Corporations Act and includes close family members, such as the children or spouse of the relevant Key Management Personnel, companies that person controls and other members of that person's family who may be expected to influence, or be influenced by, that person in that person's dealings with the Company.

Members are encouraged, should they choose to appoint a proxy, to direct that proxy as to how to vote on Resolution 1 (Remuneration Report) by marking either **For**, **Against** or **Abstain** on the proxy form for that item of business.

Resolution 2: Re-election of Director

The Listing Rules of the Australian Securities Exchange ("**ASX Listing Rules**") require the Company to hold an election of directors each year. The Constitution of the Company also requires one third of the directors (other than the Managing Director, or if there is more than one managing director, only one managing director) to retire from office at each annual general meeting, together with any director who has held office without re-election for three or more years.

Gary A. Ferguson was appointed to the Board in 2012. He retires, in accordance with the ASX Listing Rules and the Constitution, and offers himself for reappointment.

Gary A Ferguson CA (Age 74) (Non-executive Director). Appointed 1 October 2012

Mr Ferguson is a qualified accountant. During his career, he has worked for manufacturing companies as a cost accountant, lectured in accounting (post-certificate Cost Accounting) with the then Department of Technical Education, developed the methodology associated with risk analysis profiles for capital expenditure projects in both the cable and abrasive sectors and providing consultant services to these companies. Mr Ferguson relocated to Mid-North Coast NSW in 1975 and gained a very broad level of experience, owning and operating businesses in the construction, hospitality, heavy transport and earthmoving and quarry industries. In 1992 he acquired a public practice in Kempsey, specializing in providing commercial clients with advice in corporate structure, taxation, reporting and financial management areas, including providing associated legal services from in house partners. Mr Ferguson is a Member of both Chartered Accountants Australia and New Zealand (CA) and Certified Practising Accountants in Australia (CPA). Mr. Ferguson is also Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the company.

Resolution 3: Re-election of Director

The Listing Rules of the Australian Securities Exchange ("**ASX Listing Rules**") require the Company to hold an election of directors each year. The Constitution of the Company states that a director who was appointed by the directors retires at the next subsequent Annual General Meeting, and is eligible for re-election.

Matthew Driscoll was appointed to the Board in 2016. He retires, in accordance with the ASX Listing Rules and the Constitution, and offers himself for reappointment.

Matthew Driscoll (Age 53) (Non- executive Director) Appointed 20 December 2016

Mr Driscoll has over 30 years' experience in capital markets and the financial services industry, with major financial institutions including Hartleys Limited, William Noall Limited, Burdett Buckridge and Young Limited, Westpac and ANZ McCaughan Securities Limited. He is an accomplished company director in roles with listed and private companies, undertaking leadership positions on the Board (as Chairman) and on various committees (including audit and risk committees). Mr Driscoll has significant experience in international business growth, mergers and acquisitions, equity and debt raisings and building strategic political, financial and commercial alliances. Mr Driscoll is Chairman of BuyMyPlace.com.au Limited an ASX listed disruptive technology property services company, Chairman of Powerwrap, an Australian financial services company that offers wealth managers, financial advisers and investment professionals looking to start an advisory business an efficient, customisable and unconstrained next-generation platform service for delivering efficient client outcomes, Non-Executive Director of Smoke Alarms Holdings Limited, a market leader in servicing smoke alarms in rental properties in Australia and recently commenced operations in New Zealand, Non-Executive Director of Workspace Australia, a multi-regional business incubator network in Central Victoria, Non-Executive Director and Responsible Manager of Advocate Strategic Investments(ASI). AFSL: 224560. ASI is a Melbourne-based independent investment management firm that provides institutional and sophisticated investor clients with customised alternative investment strategies

Resolution 4: Share Option Plan Approval

In 2008 the Board established a new Share Option Plan (SOP) to provide the Company with flexibility in its remuneration arrangements for employees.

Rule 7.1 of the ASX Listing Rules restricts listed companies from issuing more than 15% of their issued capital in a 12 month period without shareholder approval, unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.2 contains a number of exceptions to the 15% limit in Listing Rule 7.1, allowing specified issues of shares to be excluded when calculating the 15% maximum. One exception is issues approved by shareholders under an employee share plan (exception 9(b)). The exception applies for three years from the date of approval by shareholders.

The SOP is an employee share plan of the type contemplated by exception 9(b) of ASX Listing Rule 7.2. Approval of shareholders was sought and obtained in November 2008 and in November 2011 and in November 2014. Accordingly, as required by the ASX Listing Rules, the Board is again seeking shareholder approval for future grants of options made under this SOP and subsequent consequential issues of shares in the Company on the exercise of those options to be excluded from the ASX Listing Rule 7.1 15% maximum. Approval is sought for the grant of options under the SOP and shares issued on the exercise of those options for the next 3 years so that such grants are excluded from the 15% calculation.

The Company would retain the ability to grant options and shares under the terms of the SOP after shareholder approval has been sought, irrespective of whether shareholders vote in favour of or against the resolution. The difference will be whether the grants of options under the SOP after that time must be counted in the 15% limit or not.

Even where approval is obtained, under the ASX Listing Rules, any proposed grant of options under the SOP to a director or certain persons associated with any director of the Company would separately require prior approval of shareholders in general meeting.

The Company does not in any event intend, at this point in time, to grant any additional options under the SOP to any eligible participant, whether a director of the Company, associate of a director of the Company or any other eligible person, but is seeking approval from shareholders now so that maximum flexibility can be maintained.

The ASX Listing Rules require the Notice of Meeting relating to the Annual General Meeting at which shareholders are required to consider a resolution to approve securities issues made by the Company in respect of exception 9(b), to include certain specified information regarding those securities issues. This information is set out below.

Plan Rules

A summary of the main terms and conditions of the SOP appear below. Copies of the SOP Rules are available on request to the Company Secretary.

1. Offers

The Company may from time to time during the operation of the Plan make an Offer in writing to any Eligible Employee specifying:

- the number of options (and the number of shares to which the Options relate) for which the employee may apply;
- the period during which the Offer may be accepted;
- the exercise price of the options;
- any conditions that will apply before the options can be exercised;
- the period during which the options may be exercised;
- any other matters required to be specified by the Corporations Act or the Listing Rules.

2. Eligible Employee

Any employee or Director or Officer who has been in the employ or held a position of Director or Officer of the Company or any subsidiary for longer than 6 months; and for the purposes of the Plan a Director or Officer will be deemed to be in the employ of the Company or a subsidiary.

3. Grant of Options

The Options to be granted to Eligible Employees will be for no consideration and will be for new fully paid ordinary shares to be issued by the company. The Eligible Employee is entitled to nominate a nominee to be granted the Options. The nominee will be a trust or company in which the Eligible Employee has an interest or other person or entity as permitted by the tax legislation in respect of an employee share plan.

No application will be made for listing of the options.

4. Participant

An Eligible Employee (or nominee) who has accepted the Offer will be a Participant.

5. Exercise Price

The exercise price of the options will be the weighted average price of shares traded on the ASX during the 20 trading days prior to the date of the Offer, or an exercise price above the weighted average price of shares traded on the ASX during the 20 days prior to the date of offer at the directors discretion.

6. Exercise Period

Options will be exercisable during the period specified in the Offer, which will generally be the period commencing:

- for a Participant who has been in the employ of the Company or any subsidiary for longer than 12 months, 14 days after the acceptance by the Participant of the Offer; and
- for any other Participant, the period commencing 14 days after he or she completes 12 months employment with the company or a subsidiary

and ending not later than 3 years after the date of commencement.

7. Limitation on the number of Options to be issued

The aggregate number of options over shares that may be issued under the SOP at any time, when added to the shares below will not exceed 5% of the Company's issued share capital:

- Shares which may be issued on exercise of any outstanding options granted under other employee share incentive plans operated by the Company; and
- Shares issued under any employee share incentive plan which are not fully paid or on which loans are outstanding in accordance with the terms of the relevant plan; and
- Shares which have been otherwise issued under an employee share incentive plan in the period of five years preceding any invitation under the SOP.

8. Limitation on the number of Options to be exercised

Not more than 35% of the number of options issued to a Participant will be exercisable in any one continuous period of 12 months and unless the Board otherwise determines or the Rules permit, will only be exercisable while the Participant remains in the employ of the company or a subsidiary. An exception to this 35% exercise limitation applies in the 3 months before the Options lapse.

9. Cessation of employment

If a Participant ceases to be an employee before he or she has exercised the Options then subject to the satisfaction of any exercise condition imposed in the letter of Offer, notwithstanding that the periods during which the Options or some number of Options could be exercised has not commenced, the unexercised options will be capable of being exercised for a period of 12 months after such cessation of employment but no later than the expiry of the exercise period and those options will continue to be capable of exercise despite the cessation of employment.

10. Alteration of Exercise Condition

If a takeover offer is made to acquire the whole or part of be issued shares of the Company exceeding 35% each Participant may exercise all or any of the Options which he or she would as a Participant be entitled to exercise notwithstanding that the exercise period has not otherwise commenced.

11. Reorganisation of Options

In the event of a consolidation, subdivision, return or reduction of capital by cancellation of shares, the provisions of Listing Rule 7.22 will apply to the Options. Participants are not entitled to participate in new pro-rata cash offers made by the Company unless the options are exercised before the relevant record date.

12. Termination or suspension

The Plan may be terminated or suspended at any time by the Directors or amended at any time by a resolution of the Company.

13. Security issued since the date of last approval

Since the SOP was approved by shareholders in November 2014, 2,800,000 options have been issued under the SOP. These options have an exercise price of \$0.008 and an expiry date of 13 February 2018.

Resolution 5: Directors Equity Plan Approval

The Board established a Director Equity Plan (the Plan) in 2008, and it was re-approved by shareholders in 2011 and in 2014. Under the Plan, Directors may elect to sacrifice all or part of their Director's fees receiving shares in the Company in lieu of payment of those fees. If a Director elects to sacrifice only part of their fees, the Director will receive the remainder of their Director's fees in cash.

The Plan helps to align the interests of Directors with those of shareholders by encouraging Director share ownership. Participation in the Plan by a Director also reduces the obligation of the Company to use cash to pay that Director's fees, which cash can then be used by the Company for working capital purposes.

Under Listing Rule 10.14, shareholder approval is required for the Company to issue shares to Directors. Accordingly, approval is now sought for the issue of shares under the Plan. Subject to shareholder approval, that consent will apply to any issue of shares under the Plan to a current Director at any time during the three years after the date of this Annual General Meeting. Approval is also sought for the issue of shares under the Plan for the next 3 years so that such issues are excluded from the 15% limit (as outlined in the explanatory notes for Resolution 3).

Any shares issued under this plan will only be issued within three years of the date of the meeting. There will be no loans in relation to the Directors Equity Plan. Shares may only be issued in lieu of payment of fees.

The principal terms of the Plan are as follows:

Participation: Participation in the Plan is voluntary and all Directors currently in office are eligible to participate (unless participation by a Director would result in the Company becoming obliged to prepare, lodge or issue a prospectus or disclosure document in any jurisdiction and the Board considers it would be onerous for the Company to do so in the circumstances).

The Directors who are each eligible to participate are Mr Alfred J Chown, Mr Gary A Ferguson, Mr Philip W Dulhunty, Mr Yulin Hu and Mr Matthew Driscoll.

Any Director of the Company not named above who becomes eligible to participate in the Plan will not participate until shareholder approval for their participation is obtained under Listing Rule 10.14.

Maximum 100%: Participating Directors may elect to sacrifice up to 100% of their annual Director's fees.

Timing of acquisition: Shares will be acquired half-yearly in arrears, subject to the insider trading provisions of the Corporations Act. The shares will be issued by the Company.

Price of shares: Shares will be issued to Directors under this plan for the price which is the weighted average price of shares traded on the ASX for the 20 trading days preceding the proposed date of issue of the relevant shares or an exercise price above the weighted average price of shares traded on the ASX during the 20 days prior to the date of offer at the directors discretion. Apart from the fees, no additional consideration was paid for the shares. No loan exists or will exist in relation to the acquisition.

Number of shares: The number of shares which may be acquired by Directors under the Plan cannot be precisely calculated, as it depends on the extent to which each Director participates in the Plan. To determine the number of shares acquired for each Director, the dollar value of the fees sacrificed by the Director to participate in the Plan will be divided by the weighted average price of shares traded on the ASX for the 20 trading days preceding the proposed date of issue of the relevant shares.

By way of illustrative example, Directors currently receive a fee per annum of \$20,000, plus \$2,500 (up to a maximum of \$5,000) for any Board committee the director is a part of (ie approximately \$25,000 per Director).

Shareholders have previously approved a maximum aggregate fee pool for all Directors of \$500,000 per annum. Current fees are less than this aggregate. Assuming each Director sacrifices 100% of their fees (representing a total sacrifice of \$75,000 per annum for all Directors or \$225,000 over 3 years) and assuming the market value of shares at each issue date is \$0.02 per share, then over the three year approval period, 3,750,000 shares per annum could be issued to the Directors collectively (i.e. 11,250,000 shares could be issued by the Company to the Directors rather than the Company paying the Directors \$225,000 in cash over the 3 years). This is an illustrative example only as the number of shares issued is dependent on the market price of shares, the total fees payable to Directors and the extent to which each Director chooses to participate. Regardless of these variables, the Company will not issue more than 25,000,000 shares to Directors under the Plan.

Shares acquired: Participating Directors will receive fully paid ordinary shares in the Company that rank equally in all respects with other issued fully paid shares in the Company.

Details of Shares issued: Since the last approval in 2014, no shares have been issued under the terms of the Plan.

Details of shares issued under the Plan are published in the Company's Annual Report relating to the period in which shares have been issued, with a statement that approval for the issue of shares was obtained under ASX Listing Rule 10.14.