



ASX Announcement

22 July 2016

Dispatch of Notice of General Meeting

Shark Mitigation Systems Limited (ASX: SM8) is pleased to attach a copy of a Notice of General Meeting, Explanatory Statement and Proxy Form for a General Meeting of shareholders to be held on Wednesday, 24 August 2016. This information has been dispatched to shareholders today.

On behalf of the Board

David McArthur
Director



**SHARK MITIGATION SYSTEMS LIMITED
ACN 149 970 445**

NOTICE OF GENERAL MEETING

**Meeting to be held at Level 2, 55 Carrington Street, Nedlands, Western Australia
on Wednesday 24 August 2016 commencing at 10:00am (WST).**

This Notice and Explanatory Statement should be read in its entirety.

**Shareholders are urged to attend or vote by lodging the Proxy Form attached to this
Notice.**

**If Shareholders are in doubt as to how to vote, they should seek advice from their
accountant, solicitor or other professional adviser without delay.**

SHARK MITIGATION SYSTEMS LIMITED

ACN 149 970 445

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IMPORTANT INFORMATION

Notice is hereby given that a general meeting of Shark Mitigation Systems Limited (ACN 149 970 445) will be held at Level 2, 55 Carrington Street, Nedlands, Western Australia on Wednesday 24 August 2016 commencing at 10:00am (WST) (**Meeting**).

Terms and abbreviations used in this Notice are defined in the Glossary in the Explanatory Statement attached to this Notice.

Voting Entitlements

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 at 5.00 PM (WST) on 22 August 2016.

Voting in Person

To vote in person, attend the Meeting at the time, date and place set out above.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but

where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting; or
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to PO Box 985, Nedlands, Western Australia, 6909 in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

AGENDA

Business of the Meeting

(1) Resolution 1 - Approval of Performance Shares

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

“That, for the purposes of Section 246B(1) and 246C(5) of the Corporations Act and clause 2.4 of the Constitution and for all other purposes, the Company be authorised to issue the Performance Shares, the terms of which are set out in the Explanatory Statement accompanying this Notice.”

(2) Resolution 2 – Issue of Performance Shares to T B Asset

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

“That, subject to ASX Listing Rule 7.1 and for all other purposes, approval is given to issue up to 300,000 Performance Shares to T B Asset subject to the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue 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 need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

(3) Resolution 3 - Adoption of Employee Incentive Option Plan

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Employee Incentive Option Plan” and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

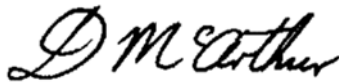
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By order of the Board.



David McArthur
Director
15 July 2016

EXPLANATORY STATEMENT

(1) Introduction

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with the Resolutions to be considered at the general meeting to be held at Level 2, 55 Carrington Street, Nedlands, Western Australia on Wednesday 24 August 2016 at 10.00 AM (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

This Explanatory Statement forms part of and should be read in conjunction with the Notice.

References to time in this Explanatory Statement relate to the time in Perth, Western Australia.

An explanation of each Resolution is set out below.

(2) Resolution 1 – Approval of Performance Shares

Resolution 1 is a special resolution which seeks the approval for the issue of Performance Shares under the Constitution.

Under clause 2.2 of the Constitution, and subject to the Corporations Act and the Constitution, the Directors may at any time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions as the Directors shall, in their absolute discretion, determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of shares and seeks to issue a new class of shares, such issue is taken to vary the rights attached to shares already issued.

Under Section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedures for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with that procedure.

In accordance with clause 2.4 of the Constitution, subject to the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by a special resolution of the Company passed at a meeting of the members holding shares in that class.

The Company proposes to issue up to: 100,000 Class D Performance Shares, 100,000 Class E Performance Shares, and 100,000 Class F Performance Shares (the terms and conditions of which are set out at Annexure 1).

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out at Annexure 1.

The resolution the subject of Resolution 1 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote (in person or by proxy) at the meeting, must be in favour of this Resolution for it to be passed.

(3) Resolution 2 – Issue of Performance Shares to T B Asset

3.1 Background

On 1 June 2016, the Company announced that Taj Burrow (**Taj**) had signed on as an ambassador for the Company. Pursuant to the ambassador role, amongst other things, Taj will assist in building awareness for the Company's shark detection and deterrent technologies.

In relation to the ambassador arrangement, the Company and Taj (via Rabbit Hill Pty Ltd) have entered into an endorsement agreement (**Endorsement Agreement**) whereby, in consideration for Taj's brand ambassador services, Rabbit Hill's nominee, T B Asset, will be issued a total of 300,000 Performance Shares (the terms and conditions of which are set out at Annexure 1) in the following proportions:

- (a) 100,000 Class D Performance Shares;
- (b) 100,000 Class E Performance Shares; and
- (c) 100,000 Class F Performance Shares.

3.2 General

Subject to the passing of Resolution 1, Resolution 2 seeks Shareholder approval to issue the Performance Shares to T B Asset.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 Technical information required by ASX Listing Rule 7.1

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of equity securities pursuant to Listing Rule 7.1 must include certain specified information in relation to the securities to be issued. The information is provided below:

- (a) the maximum number of Performance Shares to be issued is 300,000;
- (b) the Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date;

- (c) the Performance Shares will be issued for nil cash consideration as they are being issued in consideration for Rabbit Hill entering into the Endorsement Agreement;
- (d) the Performance Shares will be issued to T B Asset. T B Asset is not a related party of the Company;
- (e) the Performance Shares will be issued on the terms and conditions set out in Annexure 1; and
- (f) no funds will be raised from this issue of the Performance Shares, rather the issue is to be made in consideration for Rabbit Hill entering into the Endorsement Agreement.

3.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

(4) Resolution 3 – Approval of Employee Incentive Option Plan

4.1 General

Resolution 3 seeks Shareholders approval for the adoption of the employee incentive scheme titled Employee Incentive Option Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in section 3.2 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The Company's Shareholders have not previously approved the Company's adoption of the Plan and, as such, no securities have been issued under the Plan to date.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Annexure 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be

sent to Shareholders upon request to the Company Secretary ((08) 9423 3200). Shareholders are invited to contact the Company if they have any queries or concerns.

4.2 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Shark Mitigation Systems Limited (ACN 149 970 445).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Endorsement Agreement has the meaning given in section 3.1 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

General Meeting or **Meeting** means the meeting convened by this Notice.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Shares means the performance shares with the terms and conditions as set out at Annexure 1.

Plan means the employee incentive option plan the subject of Resolution 4 and as summarised in Annexure 2.

Plan Option means an option issued pursuant to the Plan.

Proxy Form means the proxy form accompanying the Notice.

Rabbit Hill means Rabbit Hill Pty Ltd (ACN 154 468 078).

Resolutions means the resolutions set out in the Notice of Meeting, 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.

T B Asset means T B Asset Pty Ltd (ACN 094 132 797) ATF the Taj Burrow Property Trust.

Taj has the meaning given in section 3.1 of the Explanatory Statement.

WST means Australian Western Standard Time (Perth, Western Australia).

ANNEXURE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

1. Rights Attaching to the Performance Shares

- (a) **(Performance Share)** Each Class D Performance Share, Class E Performance Share and Class F Performance Share (together and each being a **Performance Share**) is a share in the capital of Shark Mitigation Systems Limited (ACN 149 970 445) (**Company**).
- (b) **(General meetings)** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into fully paid ordinary shares (Shares), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. Conversion of the Performance Shares

- (a) **(Conversion on achievement of milestone)** Subject to paragraph 2(c), a Performance Share in the relevant class will convert into one Share upon achievement of:

- (i) **Class D Performance Share:** each Class D Performance Share will vest into one Share upon the Company achieving Revenue greater than US\$300,000 (with “Revenue” being the net revenue that accrues to the Company, derived solely from any contracts that have been procured by Rabbit Hill Pty Ltd (ACN 154 468 078) (**Rabbit Hill**) (or an entity controlled by Rabbit Hill));

(Class D Milestone).

- (ii) **Class E Performance Share:** each Class E Performance Share will vest into one Share upon the Company achieving Revenue greater than US\$600,000:

(Class E Milestone).

- (iii) **Class F Performance Share:** each Class F Performance Share will vest into one Share upon the Company achieving Revenue greater than US\$900,000:

(Class F Milestone),

(together the **Milestones**),

- (b) **(Conversion on change of control)** Subject to paragraph 2(c) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company’s shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (c) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Share under paragraph 2(a) or 2(b) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of

that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph 2(c)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (d) **(Lapse of Performance Share)** each Performance Share shall expire on the date that is three (3) years from the date of issue (**Expiry Date**) if the relevant Milestone attached to that Performance Share has not been achieved, at which time the Company will redeem the relevant Performance Shares in accordance with paragraph 2(e) below.
 - (e) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the Expiry Date, then each Performance Share in the relevant class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of the Expiry Date.
 - (f) **(Conversion procedure)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.
 - (g) **(Ranking upon conversion)** The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

ANNEXURE 2 – TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE OPTION PLAN

The material terms and conditions of the Employee Incentive Option Plan are as follows:

- (a) **Eligibility and Grant of Plan Options:** The Board may grant Plan Options to any full or part time employee or Director of the Company or an associated body corporate or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor of the Company or any or an associated body corporate (**Eligible Participant**). Plan Options may be granted by the Board at any time.
- (b) **Consideration:** Each Plan Option issued under the Plan will be issued for nominal cash consideration.
- (c) **Conversion:** Each Plan Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Plan Options granted under the Plan will be determined by the Board prior to the grant of the Plan Options.
- (e) **Vesting Conditions:** The Plan Options granted under the Plan may be subject to vesting conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options (**Vesting Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Plan Options.
- (f) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each Participants).
- (g) **Lapsing of Plan Options:** Subject to the terms of the offer made to a Participant, an unexercised Plan Option will lapse on the earlier to occur of:
 - (i) an unauthorised dealing in, or hedging of, the Plan Option;
 - (ii) a Vesting Condition in relation to the Plan Option is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Plan Option;
 - (iii) in respect of unvested Plan Options only, a Eligible Participant ceases to be an Eligible Participant, unless the Board:
 - (A) exercises its discretion to vest the Plan Option; or
 - (B) in its absolute discretion, resolves to allow the unvested Plan Options to remain unvested after the Eligible Participant ceases to be an Eligible Participant;
 - (iv) in respect of vested Plan Options only, a Eligible Participant ceases to be an Eligible Participant and the Plan Option granted in respect of that Eligible Participant is not exercised within one (1) month (or such later date as the Board determines) of the date the Eligible Participant ceases to be an Eligible Participant;

- (v) the Board deems that a Plan Option lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a Change of Control or a winding up resolution or order is made, and the Plan Option does not vest; and
 - (vii) the Expiry Date of the Plan Option.
- (h) **Share Restriction Period:** Shares issued on the exercise of Plan Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the Plan Options.
 - (i) **Disposal of Options:** Plan Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
 - (j) **Participation:** There are no participating rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options.
 - (k) **Change in exercise price:** A Plan Option will not confer a right to a change in exercise price or a change in the number of underlying Shares over which the Plan Option can be exercised.
 - (l) **Reorganisation:** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
 - (m) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Plan Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

Shark Mitigation Systems Limited
ACN 149 970 445

PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Shark Mitigation Systems Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Shark Mitigation Systems Limited to be held at Level 2, 55 Carrington Street, Nedlands, Western Australia on Wednesday 24 August 2016 at 10.00 AM (WST) and at any adjournment of that meeting.

☐

The Chairman
of the meeting

(mark with an 'X')

OR

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution/s and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of the resolution.

If the person you are appointing as your proxy is someone other than the Chairman of the meeting:

Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorize your proxy to exercise if:

If you hold 2 or more Shares in the Company, you may appoint a second proxy:

Write the name of your second proxy in the box below.

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
(b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of Shark Mitigation Systems Limited to be held at Level 2, 55 Carrington Street, Nedlands, Western Australia on 24 August 2016 at 10.00 AM (WST) and at any adjournment of that meeting.

Voting directions to your proxy – Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business –General Meeting

Resolution 1.	Approval of Performance Shares	☐	☐	☐
Resolution 2.	Issue of Performance Shares to T B Asset	☐	☐	☐
Resolution 3.	Adoption of Employee Incentive Option Plan	☐	☐	☐

Note: If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution 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 a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 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, please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 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, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share 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.

If a representative of the corporation is to attend the meeting a “Certificate of Appointment of Corporate Representative” should be produced prior to admission.

6 Lodgment of a Proxy

(Return of Proxy Form): To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):

- (a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;
- (b) By mail to PO Box 985, Nedlands, WA, 6909.
- (c) By Facsimile to +61 8 9389 8327;
- (d) By scan and email to davidm@broadwaymgt.com.au

so that it is received at least 48 hours prior to commencement of the General Meeting. Proxy Forms received later than this time will be invalid.

Company or Trust in which Securityholding is held

**SHARK MITIGATION SYSTEMS LIMITED
(ACN 149 970 445)**

Registered
Name(s)

Registered
Address

Holder Identification Number (HIN) or
Securityholder Reference Number (SRN)

Use a black pen.
Print in CAPITAL letters.

Where a choice is required,
mark the box with an 'X'

Appointment of Corporate Representative

A Appointment of Corporate Representative

The abovenamed registered holder hereby appoints:

to act as its representative at:

☐

the meeting of the above named company to be held on:

Day	Month	Year
24/	08/	2016

*and at any adjournment
of that meeting

OR

☐

all meetings of the above named company.

Please state if there are any restrictions on the representative's
power:

YES

☐

NO

☐

If yes, please describe these restrictions

Contact Name

Telephone Number – Business Hours /
After Hours

B Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with the instructions set out above. We acknowledge that these instructions supersede and priority over all previous instructions.

Director

Director/Company Secretary

Sole Director and Sole
Company Secretary
Day Month Year

How to complete this form

A Appointment of Corporate Representative

Enter the name of the person you wish to appoint as a corporate representative

Indicate whether this appointment is for one specific meeting or all future meetings. If it is only for one specific meeting, enter the date of that meeting.

State if there are any restrictions to the representative's power and, if so, describe these.

Please enter contact details so that we can call you in the instance we have a query regarding this form.

B Signature(s)

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

Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.