

**I M U G E N E L I M I T E D**

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Notice of Annual General Meeting

Proxy Form

And

Explanatory Memorandum

Date of Meeting: 27 November 2003

Place: Meeting Room IV  
The Westin Hotel Sydney  
1 Martin Place  
Sydney NSW

Time: 9.00 am

# IMUGENE LIMITED

ABN 99 009 179 551

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## NOTICE OF AN ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a Annual General Meeting of members of Imugene Limited ("Imugene" or "Company") will be held at Meeting Room IV, The Westin Hotel Sydney, 1 Martin Place, Sydney, New South Wales on 27 November 2003 at 9.00 am.

The accompanying Explanatory Memorandum and Proxy Form provide additional information relating to matters to be considered at the meeting, and form part of this Notice of Annual General Meeting ("Notice").

Certain terms and abbreviations used in this Notice and the accompanying Explanatory Memorandum have defined meanings which are explained in the accompanying Explanatory Memorandum.

### AGENDA

#### ORDINARY BUSINESS

##### Financial Report

To receive the financial report of the Company and its controlled entities for the year ended 30 June 2003 together with a directors' report in relation to that financial year and the auditor's report on the financial report.

#### 1. RE-ELECTION OF DIRECTOR

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

*"That Graham Dowland who retires in accordance with clause 6.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director."*

#### SPECIAL BUSINESS

#### 2. RATIFICATION OF SHARE ISSUE

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

*"That, pursuant to and in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders approve and ratify the prior issue and allotment by the Directors of 13,800,000 Shares at \$0.15 each to clients of Southern Cross Equities Limited and Taylor Collison Limited, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

<p>The Company will disregard any votes cast on Resolution 2 by a person who participated in the issue or an associate of that person. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>
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### 3. ISSUE OF PERFORMANCE OPTIONS

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

*"That, pursuant to and in accordance with Listing Rules 7.1, 10.11, and for all other purposes, the Shareholders approve and authorise the Company to grant:*

- (a) 2,500,000 Performance Options to Mr Graham Dowland;*
- (b) 2,500,000 Performance Options to Dr Warwick Lamb; and*
- (c) 1,000,000 Performance Options to Dr Michael Sheppard;*

*on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

The Company will disregard any votes cast on Resolution 3 by Mr Graham Dowland, Dr Warwick Lamb and Dr Michael Sheppard, or an associate of that person. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 4. REDUCTION OF SHARE CAPITAL

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

*"That, pursuant to and in accordance with sections 256B and 256C(1) of the Corporations Act and clause 2.5 of the Company's Constitution and for all other purposes, the Company's issued share capital be reduced, with effect from the passing of this Resolution, in the following manner:*

- (a) the issued share capital be reduced from \$36,751,241 to \$8,060,822;*
- (b) the reduction be made without any Shares in the Company being cancelled or any payment to any shareholders of any paid up share capital; and*
- (c) by applying the resultant amount of cancelled paid up share capital of \$28,690,419 in eliminating the same amount in the carried forward accumulated losses account of the Company."*

**BY ORDER OF THE BOARD**



**MARK PEARCE**  
Company Secretary

Dated: 23 October 2003

## **Voting Entitlement**

For the purposes of regulation 7.11.37 of the Corporations Regulations, all Shares of the Company that are quoted on the Australian Stock Exchange Limited at the End of Day on 25 November 2003 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

## **Proxies**

A member entitled to attend and vote at the General Meeting of the Company may appoint a natural person as the member's proxy to attend and vote for the member at that meeting. If the member is entitled to cast 2 or more votes at the General Meeting the member may appoint not more than 2 proxies. Where the member appoints more than one proxy the member may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the member's votes. A proxy may, but need not be, a member of the Company.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the registered office of the Company (Level 9, 28 The Esplanade, Perth, Western Australia, 6000, or by post to PO Box Z5083, Perth, Western Australia, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting in the place where the Meeting is being convened.

For the convenience of members a Proxy Form is enclosed with this Notice.

# IMUGENE LIMITED

ABN 99 009 179 551

## PROXY FORM

The Company Secretary  
Imugene Limited

**By delivery:**  
Level 9, 28 The Esplanade  
PERTH WA 6000

**By post:**  
PO Box Z5083  
PERTH WA 6831

**By facsimile:**  
+61 8 9322 6558

I/We <sup>1</sup> \_\_\_\_\_  
of \_\_\_\_\_ being a  
member/members of Imugene Limited and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_  
or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Meeting Room IV, The Westin Hotel Sydney, 1 Martin Place, Sydney, New South Wales, on 27 November 2003 at 9.00 am and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the member's votes\*/ [ ] of the member's votes. (An additional Proxy Form will be supplied by the Company, on request).

### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

#### IMPORTANT: FOR RESOLUTIONS 2 AND 3 BELOW

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Resolutions 2 and 3 below, please tick this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolutions 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 2 and 3.

The proxy is to vote for or against the resolutions referred to in the notice convening the General Meeting, as follows:

		For	Against	Abstain
Resolution 1	Re-election of Mr Graham Dowland as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(a)	Granting of Performance Options to Executives – Graham Dowland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(b)	Granting of Performance Options to Executives – Warwick Lamb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(c)	Granting of Performance Options to Executives – Michael Sheppard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Reduction of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sole Director and  
Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of shareholder

<sup>2</sup>Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A member entitled to attend and vote at the Meeting of the Company may appoint a natural person as the member's proxy to attend and vote for the member at that meeting. If the member is entitled to cast 2 or more votes at the General Meeting the member may appoint not more than 2 proxies. Where the member appoints more than one proxy the member may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the member's votes. A proxy may, but need not be, a member of the Company.

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

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the General Meeting in the place where the General Meeting is being convened.

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**IMUGENE LIMITED**

**ABN 99 009 179 551**

**EXPLANATORY MEMORANDUM**

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# IMUGENE LIMITED

ABN 99 009 179 551

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## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of members in Imugene Limited ("**Imugene**" or "**Company**") in connection with the business to be conducted at the Annual General Meeting of members to be held at, Meeting Room IV, The Westin Hotel Sydney, 1 Martin Place, Sydney, New South Wales, on 27 November 2003 at 9.00 am ("**Meeting**").

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting ("**Notice**").

### 2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR

Clause 6.3 of the Company's Constitution requires one third of all directors to retire at each annual general meeting. Mr Dowland was appointed a director on 30 August 2002 and now, being eligible, offers himself for re-election in accordance with the Company's Constitution.

Details of the experience and qualifications of Mr Dowland are provided below:

#### **Mr Graham Dowland B.Com CA (Executive Chairman)**

Mr Dowland has for the past 15 years, been involved as a significant shareholder, director or senior consultant / advisor with a number of public companies listed on Stock Exchanges in Australia, Canada and the United Kingdom with operations internationally. These companies have and continue to be involved in various industries including pharmaceutical research and development – specifically human and animal biotechnology, gold mining and exploration, oil and gas exploration and production, manufacturing, and industrial technology development and marketing.

Mr Dowland has been involved in the development phase of numerous businesses that have achieved listings and capital raisings from the various major international Stock Exchanges. Since returning to Australia in July 2000 after residing in London, Mr Dowland has been involved within the veterinary and animal health industries.

### 3. RESOLUTION 2 – RATIFICATION OF SHARES PREVIOUSLY ISSUED

Shareholder ratification for the previous issue of Shares is now sought pursuant to ASX Listing Rule 7.4. The previous share issue relates to the raising of \$2.07 million in June 2003 through the issue of 13.8 million new ordinary Shares at 15 cents each. The effect of approving this Resolution will be to reinstate the Company's capacity, subject to the Listing Rules of the ASX, to issue new capital up to 15% of its current issued capital, if required, in the next 12 months without seeking prior approval from shareholders.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the Shares were allotted and issued to clients (who are all unrelated parties of the Company) of two stock brokers; Taylor Collison Limited and Southern Cross Equities Limited;
- (b) 13,800,000 Shares were issued at \$0.15 each to raise \$2.07 million (before associated costs);
- (c) the Shares were issued on the same terms as the Company's existing Shares; and
- (d) the funds raised from the placement have been or will be used for:

	<b>Amount (\$'000)</b>
Additional research and development of the Company's animal health products	861
Commercialisation expenses	368
Investment – Paragen Pty Ltd (flea vaccine development)	234
Working capital	457
Placement costs	150
<b>Total</b>	<b>2,070</b>

#### **4. RESOLUTION 3 – GRANTING OF PERFORMANCE OPTIONS TO EXECUTIVES**

Resolution 3 seeks shareholder approval for the Company to grant Performance Options to three key executives of the Company, namely Mr Graham Dowland (executive Chairman), Dr Warwick Lamb (Managing Director) and Dr Michael Sheppard (Chief Scientific Officer). Mr Dowland and Dr Lamb are the two executive directors of the Company.

Shareholder approval is sought to establish a stronger link between the reward for these three executives and increasing shareholder value.

The Company proposes to grant the Performance Options as part of the three executives' individual remuneration packages. The remuneration of these key executives is designed to align their interests closely alongside shareholders.

The Performance Options are considered key components of an executive's remuneration package to ensure the Company retains, motivates and appropriately aligns these three key executives who have demonstrated they possess the skills and experience to manage and increase the value of the Company's businesses.

The Company's two executive Directors have not received incentive equity since joining the Company over 12 months ago. Since that date the Company's share price has increased by in excess of 300%.

A total of 6 million Performance Options will be issued pursuant to this resolution, representing less than 5.5% of the current issued capital (and less than 4.5% of the fully diluted capital) of the Company. Upon approval of this resolution the issued capital of the Company will comprise the following securities:

<b>Security</b>	<b>Exercise Price (cents)</b>	<b>Expiry Date</b>	<b>Number (millions)</b>	<b>% of fully diluted capital</b>
Fully paid ordinary shares	N/A	N/A	107.8	79.4%
Convertible preference shares (issued in relation to the acquisition of VectoGen)	Nil	Dec 04	14.5	10.7%
Options – granted to public	11.25	Dec 04	2.8	2.1%
Options – granted to management (not directors)	22.5	Oct 07	0.6	0.4%
Options – granted to Southern Cross Equities	22.5	Oct 07	4.0	3.0%
<i>Options – to be granted to executives (subject to Resolution 3 being passed)</i>	<i>30 c and Various</i>	<i>Dec 06</i>	<i>6.0</i>	<i>4.4%</i>
<b>Total shares on issue (fully diluted basis)</b>			<b>135.7</b>	<b>100%</b>

The Performance Options will be granted free and will vest to the Executives in 3 tranches as detailed below. The exercise price per Performance Option for Tranches 2 and 3 will be determined according to the average market weighted price of the Company's shares as traded on the ASX for the period prior to the Vesting Date as follows:

<b>Performance Option Tranche</b>	<b>Allocation of Performance options per tranche</b>	<b>Vesting Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
Tranche 1	50%	31 December 2003	31 December 2006	30 cents each (refer Note 1)
Tranche 2	25%	1 July 2004	31 December 2006	Refer Note 2
Tranche 3	25%	1 July 2005	31 December 2006	Refer Note 3

Note 1. This exercise price represents a premium of 75% to the market volume weighted average price of the Shares as traded on the ASX since December 2002.

Note 2. The exercise price for Tranche 2 Performance Options will be the average of the daily market weighted average price of the Shares as traded on the ASX in the period 1 July 2003 to 30 June 2004.

Note 3. The exercise price for Tranche 3 Performance Options will be the average of the daily market weighted average price of the Shares as traded on the ASX in the period 1 July 2004 to 30 June 2005.

#### 4.1 Listing Rules 7.1 and 10.11 - Shareholder Approval to Grant the Performance Options

Listing Rule 10.11 requires shareholder approval for the issuing of securities to directors. Pursuant to Resolution 3, Performance Options are to be granted to two executive directors of the Company, being Mr Graham Dowland and Dr Warwick Lamb. Accordingly approval for the purposes of Listing Rule 10.11 is required and if approval is given under this rule, it is not required under Listing Rule 7.1 in respect of the Performance Options to be issued to these parties.

Pursuant to Listing Rule 7.1 shareholder approval is sought for the proposed granting of the Performance Options in favour of Dr Michael Sheppard, the Company's Chief Scientific Officer. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is to be obtained for any issue/granting of shares/options by a listed company, where the shares proposed to be issued represent more than 15% of the Company's shares then on issue. Although the number of Performance Options to be granted to Dr Sheppard under Resolution 3 will not result in the Company exceeding the 15% threshold, Shareholder approval is still being sought for the purposes of Listing Rule 7.1, to ensure that the Company does not utilise any of the 15% threshold.

The following information is provided to Shareholders for the purposes of Listing Rule 7.3 and 10.13:

- (a) the maximum number of options the Company can grant under Resolution 3 is 6 million Performance Options;
- (b) all of the Performance Options will be granted no later than one (1) month after the date of this Meeting or such later date as approved by ASX;
- (c) the Performance Options will be issued for nil consolidation;
- (d) the Performance Options will be granted to the following executives of the Company;

Name	Position	Max. Number of Performance Options		
		Tranche 1	Tranche 2	Tranche 3
Mr Graham Dowland	Executive Chairman	1,250,000	625,000	625,000
Dr Warwick Lamb	Managing Director	1,250,000	625,000	625,000
Dr Michael Sheppard	Chief Scientific Officer	500,000	250,000	250,000
<b>Total</b>		<b>3,000,000</b>	<b>1,500,00</b>	<b>1,500,000</b>

- (e) the terms and conditions of the Performance Options are included in Annexure A to this Explanatory Memorandum; and
- (f) no funds will be raised from the granting of the Performance Options unless the Performance Options are exercised prior to their expiry date.

## **5. RESOLUTION 4 – REDUCTION OF SHARE CAPITAL**

Resolution 4 seeks shareholder approval for the Company to reduce its issued share capital (contributed equity) from \$36,751,241 to \$8,060,822. The proposed capital reduction does **NOT** involve the cancellation of any Shares on issue in the Company.

### **5.1 Reason for Capital Reduction**

Up to the end of the 2003 financial year, the Company has incurred operating losses from expenditure on the development of the Sprayfryer technology, associated with the VosTech business.

Following the acquisition of Brightsun Investments Pty Ltd (which included the ownership rights to VectoGen Limited and Paragen Pty Ltd) on 30 August 2002, the Company has focused on the development and commercialisation of its animal health products. The Directors believe it is now appropriate for the Company's accumulated losses to be applied against its share capital.

The Directors consider that it is beneficial for the Company to offset the carried forward losses that have resulted from the recognition of these abnormal expenses in order to:

- (a) ensure that the recognition of the losses sustained from the development of the Sprayfryer technology activities do not distort the Company's financial position going forward as a animal health products company; and
- (b) further simplify the presentation of the Company's equity section in its statement of financial position (formerly known as a balance sheet).

### **5.2 Procedural requirements**

To enable the Company to make the capital reduction, section 256C(1) of the Corporations Act requires an ordinary resolution of the shareholders passed at a general meeting.

The capital reduction proposed for the Company is an equal reduction, because it:

- (a) will relate only to Shares;
- (b) will apply to each holder of Shares in proportion to the number of Shares they hold; and
- (c) the terms of the reduction will be the same for each holder of Shares.

The requirements for an equal capital reduction are that the reduction is:

- (a) fair and reasonable to the Company's shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved (as mentioned previously) by shareholders passing a resolution at a general meeting.

### **5.3 Company's Constitution**

A capital reduction is required to be authorised by an ordinary resolution of shareholders under clause 2.5 of the Company's Constitution.

#### **5.4 Effective date of the proposal**

Under the Corporations Act, the Company must lodge a copy of the Resolution with ASIC within 14 days after it is passed. The Company must not make a reduction of capital until 14 days after lodgement with ASIC.

#### **5.5 Taxation considerations**

As taxation consequences can vary between individual shareholders depending upon the circumstances of each individual shareholder and their shareholding, it is solely the responsibility of shareholders to inform themselves of the taxation implications of passing Resolution 3. In order to so inform themselves, shareholders should seek independent expert taxation advice in respect of their own taxation position.

The Directors of the Company consider that the proposed capital reduction will not materially affect the Company's taxation position.

#### **5.6 Impact on Creditors**

The directors of the Company consider that the proposed capital reduction will not materially prejudice the Company's ability to pay its creditors.

#### **5.7 Fairness and reasonableness of proposal**

The directors of the Company also consider that the proposed capital reduction is fair and reasonable to shareholders as a whole.

The terms of the proposed return of capital involve a reduction in the Company's issued share capital from \$36,751,241 to \$8,060,822. As the reduction applies equally to all Shares in the Company it is fair and reasonable to all shareholders.

#### **5.8 Optionholders**

Optionholders are not financially affected by this proposal. In a proportional sense their economic interest in the Company will be exactly the same as it was prior to any approval of the reduction.

#### 4. GLOSSARY OF TERMS

In the Notice of Annual General Meeting and this is Explanatory Memorandum the following expressions have the following meanings:

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means Australian Stock Exchange Limited.

“**Business Day**” has the meaning ascribed to that term in the Listing Rules.

“**Corporations Act**” means the Corporations Act (2001).

“**Directors**” means the directors of Imugene from time to time.

“**Imugene**” means Imugene Limited ABN 99 009 179 551.

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

“**Meeting**” means the annual general meeting of shareholders of Imugene convened by this Notice.

“**Notice**” or “**Notice of Annual General Meeting**” means the notice of annual general meeting that accompanies this Explanatory Memorandum.

“**Performance Option**” means an option to subscribe for one Share exercisable in accordance with the terms and conditions contained in Annexure A.

“**Resolution**” means a resolution referred to in the Notice.

“**Share**” or “**Shares**” means a fully paid ordinary share in the capital of Imugene.

## ANNEXURE A

### Terms and conditions of Performance Options

The material terms and conditions of the Performance Options are as follows:

- (a) each option entitles the holder, when exercised, to one (1) Share;
- (b) the options are exercisable from the date of Vesting to 31 December 2006. The options vest as follows:
  - Tranche 1 : 31 December 2003
  - Tranche 2 : 1 July 2004
  - Tranche 3 : 1 July 2005
- (c) the exercise price of the options is as follows:
  - Tranche 1 : 30 cents each;
  - Tranche 2 : the market weighted average price of the Company's shares as traded on the ASX in the period 1 July 2003 to 30 June 2004
  - Tranche 3 : the market weighted average price of the Company's shares as traded on the ASX in the period 1 July 2004 to 30 June 2005.
- (d) the options are exercisable by delivering to the registered office or share register of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (e) all shares issued upon exercise of the options will rank *pari passu* in all respects with the Company's then issued shares. The options will be unlisted;
- (f) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of options to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such share;
- (g) in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the options, all rights of the option holder will be varied in accordance with the ASX Listing Rules;
- (h) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in ASX Listing Rules;
- (i) in the event that before a Vesting Date the employee's employment with the Company is terminated either:
  - (i) by the Company as a consequence of a negligent act by the employee involving the Company or is convicted of a criminal offence; or
  - (ii) by the employee by giving notice to the Company ,the options that have not vested to the employee shall immediately expire; and
- (k) in the event that the employee's employment is terminated due to incapacity or illness, he shall be entitled to exercise at any time prior to the expiry of the options, those options which, at the date of such termination, would have been able to have been exercised and the balance of the options shall immediately expire.