
Notice & Agenda

Praemium Limited - 2014 Annual General Meeting

Notice is given that Praemium Limited, ACN 098 405 826 ("Praemium" or "the Company") will hold its Annual General Meeting (AGM) at 11am (Melbourne time) on 11 November 2014 at Grant Thornton, Level 30 The Rialto, 525 Collins Street, Melbourne VIC, Australia.

If you are unable to attend the meeting you are encouraged to complete and return the enclosed Voting Form which allows you to lodge your vote directly or appoint a proxy to vote on your behalf. You may also lodge your direct vote or appoint a proxy online. The completed voting form must be received by Link Market Services no later than 11am on 9 November 2014.

Business

Praemium Financial Report

To receive the Financial Statements, Directors' Report and the Independent Auditor's Report for Praemium and its controlled entities for the year ended 30 June 2014.

Note: There is no requirement for shareholders to approve these reports.

Resolution 1 – Election of Directors

1.1 – Election of Director – Mr Andre Carstens

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

"That, Mr Andre Carstens, who was appointed by the Board on 20 May 2014 to fill a casual vacancy in accordance with clause 9.1(b) of the Constitution be elected as a Director of Praemium Limited."

1.2 – Re-election of Director – Mr Bruce Loveday

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

"To elect Mr Bruce Loveday, who retires by rotation in accordance with clause 9.1(d) of the Constitution, and being eligible, offers himself for re-election as a director of Praemium Limited."

1.3 – Re-election of Director – Mr Peter Mahler

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

"To elect Mr Peter Mahler, who retires by rotation in accordance with clause 9.1(d) of the Constitution, and being eligible offers himself for re-election as a director of Praemium Limited."

Resolution 2 - Adoption of Remuneration Report

To consider and, if thought fit, to pass the following advisory resolution:

"That, the Remuneration Report for the financial year ended 30 June 2014 (set out in the 2014 Annual Report) be adopted."

Notes:

- This Resolution is advisory only and does not bind the Company or the directors.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's Remuneration policies.
- If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "Spill Resolution") that another meeting be held within 90 days at which all of the company's directors (other than any managing director or CEO) must go up for re-election.
- Voting restrictions apply to this Resolution. Details of the restrictions are set out in the Explanatory Statement.

Resolution 3– Approval of the issue of Securities to Directors

Resolution 3.1 – Approval of the issue of Securities to Mr Andre Carstens

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

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue to Mr Andre Carstens, such number of fully paid ordinary shares determined by dividing \$15,000 (calculated using the formula set out in the Explanatory Memorandum) by the share price on the Grant Date (being 11 November 2014)."

Resolution 3.2 – Approval of the issue of Securities to Mr Michael Ohanessian (Long term incentive)

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

"That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the allotment and issue of 625,000 fully paid ordinary shares to Mr Michael Ohanessian in accordance with the Company's Directors & Employees Benefits Plan."

Resolution 3.3 – Approval of the issue of Securities to Mr Michael Ohanessian (Short term incentive)

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

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue to Mr Michael Ohanessian, such number of fully paid ordinary shares determined by dividing \$156,000 (calculated using the formula set out in the Explanatory Memorandum) by the share price on the Grant Date (being 11 November 2014)."

Notes:

- Resolutions 3.1 will be put forward on the basis that Mr Carstens is appointed as Director of the Company at Resolution 1.1.
- Voting exclusions applies to these Resolutions. Details of that exclusion/prohibition are set out in the Explanatory Statement.

Resolution 4 - Approval of refreshed Praemium Directors & Employees Benefits Plan

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

"That, for the purposes of Exception 9 of ASX Listing Rule 7.2, section 260C(4) of the Corporations Act 2001 (Cth), and for all other purposes, approval is hereby given for the granting of securities under the "Praemium Directors and Employee Benefits Plan" which is constituted and administered in accordance with the Terms and Conditions of the Praemium Limited Praemium Directors and Employee Benefits Plan which are tabled by the Chair at the Meeting and marked "A" for identification purposes."

Note: A voting exclusion applies to this resolution. Details of that exclusion/prohibition are set out in the Explanatory Materials.

**Resolution 5 – Approval to issue up to a further 10% of the
Company's issued capital over the next 12 months**

To consider and, if thought fit, to pass the following special resolution:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2."

Note: A voting exclusion applies to this Resolution. Details of that exclusion/prohibition are set out in the Explanatory Statement.

Resolution 6 – Amendment to Constitution

To consider and, if thought fit, to pass the following special resolution:

"That the Constitution of the Company be amended by deleting clause 9.1 (d) in its entirety and inserting in lieu thereof the following new clause 9.1(d):

"At each AGM of the Company, subject to ASX Listing Rule 14.4, at least one director must retire from office, excluding:

- (a) a director who is a managing director; and*
- (b) a director appointed by the directors under rule 9.1 (b) and standing for election."*

Please read the Explanatory Statement

Information regarding the Resolutions, including important information regarding voting exclusions and prohibitions where applicable, may be found in the accompanying Explanatory Statement, which form part of this notice of meeting.

By Order of the Board



Paul Gutteridge
CFO & Company Secretary
9 October 2014

EXPLANATORY STATEMENT

This Explanatory Statement have been prepared for the information of shareholders of the Company (Shareholders) in relation to the business to be conducted at the Company's 2014 Annual General Meeting.

The purpose of the Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the Resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the resolutions.

All of the Resolutions to be voted on are ordinary resolutions with the exception of resolutions 5 and 6 which are special resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution. A special resolution requires at least 75% of the votes cast by members entitled to vote must be in favour of the resolution for it to be passed. This includes voting via proxies.

Questions and Comments

The Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit 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.

Shareholders who would like to submit a written question to the Company's auditor, should post questions to the Company Secretary or fax it to +613 8622 1200. Written questions must relate to the content of the auditor's report to be considered at the Annual General Meeting or the conduct of the audit. All qualifying questions will be addressed at the Annual General Meeting.

Please note that all questions must be received at least five business days before the Annual General Meeting; that is by no later than 3 November 2014.

Unless the Company's Share Registry has been notified otherwise, Shareholders will not be sent a hard copy of the Annual Report. All Shareholders can download the Annual Report, which contains the Financial Statement for the year ended 30 June 2014, from the Company's Website at www.praemium.com.au/financial-reports.html.

Resolution 1 – Election of Directors

Mr Andre Carstens

Mr Andre Carstens was appointed to the Board on 20 May 2014. In accordance with clause 9.1(c) of the Company's Constitution he holds office pursuant to that appointment until the Company's next AGM. Mr Carstens stands for election at this AGM.

Mr Bruce Loveday and Mr Peter Mahler

It is a requirement of the Company's Constitution, that where the number of Directors (excluding the Managing Director and any Directors appointed as additional Directors) is equal to or less than 5, then 2 of the Directors must retire from office at each Annual General Meeting. However, the retiring Directors may, if eligible, offer themselves for re-election.

Mr Bruce Loveday & Mr Peter Mahler retire by rotation and, being eligible, offer themselves for re-election as directors.

Information about the experience, skills and qualifications of all of the Directors, including those standing for election, are set out in the Company's 2014 Annual Report. Copies of the Annual Report can be downloaded from the Company's Website at www.praemium.com.au/financial-reports.html.

Recommendation

The Directors, with Mr Carstens abstaining, recommend that Shareholders vote in favour of Resolution 1.1.

The Directors, with Mr Loveday abstaining, recommend that Shareholders vote in favour of Resolution 1.2.

The Directors, with Mr Mahler abstaining, recommend that Shareholders vote in favour of Resolution 1.3.

Resolution 2 – Remuneration Report

Section 250R(2) of the Corporations Act 2001 (Cth) requires the Shareholders to vote on an advisory resolution that the Remuneration Report (Report) be adopted.

The Report details the remuneration policies for Praemium Limited and each of its incorporated subsidiaries including those incorporated in the United Kingdom, Jersey, Hong Kong and China (the 'Group') and reports the remuneration arrangements for Directors and Key Management Personnel (identified for the purposes of the Accounting Standards). The Report is set out on pages 24-29 of the 2014 Annual Report to Shareholders.

The vote on this Resolution is advisory only, and does not bind the Directors or the Company. The Board will however consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act 2001 if 25% or more of votes that are cast at the meeting are voted against the adoption of the Report at two consecutive AGM's, Shareholders will be required to vote at the second of those AGMs on a resolution (a "Spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than any Managing Director) must go up for re-election.

Shareholders will recall that not more than 25% of the votes cast at the 2013 AGM were cast against the resolution.

Voting restrictions

Key Management Personnel (**KMP**) and their closely related parties are not permitted to vote on the resolution. KMPs of Praemium are the directors of Praemium and those other persons having authority and responsibility for planning, directing and controlling the activities of Praemium, directly or indirectly. The Remuneration Report identifies Praemium's KMPs for the financial year ending 30 June 2014. 'Closely related parties' are defined in the Corporations Act 2001, and include certain of their family members, dependents and companies they control.

However a KMP may cast a proxy where the proxy specifies in writing how the KMP is to vote (except proxies cast on behalf of another KMP). The Chair is permitted to vote undirected proxies where the shareholder expressly authorises the chair to exercise the proxy.

Accordingly, if you have appointed the Chair as your proxy you must either direct the Chair how to vote or you must tick the box on the proxy form expressly authorising the Chair to vote undirected proxies notwithstanding that the Chair or KMP may benefit

If you do not direct the Chair how to vote or you do not mark the box authorising the Chair to vote undirected proxies, the Chair will not cast your votes on Resolution 2 and your votes will not be counted in calculating the required majority if a poll is called on this resolution

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 by marking either "**For**", "**Against**" or "**Abstain**" on the Voting Form for that item of business.

The Chair will give Shareholders a reasonable opportunity to ask questions about or make comments on the Report.

Resolutions 3.1 – Approval of the issue of Securities to Directors

In accordance with the terms of his appointment this year, Mr Andre Carstens, has been offered fully paid ordinary Shares in the Company. As Mr Carstens is a related party of the Company and the Shares will not be issued under the Company's Directors & Employees Benefits Plan, Shareholder approval under Listing Rule 10.11 is required.

The vesting schedule for the proposed issue to Mr Carstens is as follows:

- fully paid ordinary Shares to the value of \$15,000, based on the closing share price at the Company's 2014 AGM (being the Grant Date), to vest on 30 November 2014 (**First Tranche**); and
- fully paid ordinary Shares to the value of \$15,000, based on the closing share price at the Company's 2015 AGM, to vest on 30 November 2015 (**Second Tranche**).

Shareholders should note that the approval being sought under these Resolutions is in relation to the First Tranche only.

It is a requirement of ASX Listing Rule 10.13 that Shareholders be provided with the following information:

The Name of proposed allottee

Mr Andre Carstens is a Director and therefore a related party of Praemium.

Maximum number of securities that may be issued

The maximum value is \$15,000, in relation to the First Tranche as disclosed above.

The number of Shares to be issued shall be determined by dividing \$15,000 by the share price on the Grant Date.

The date by which the Company will issue the securities

In accordance with ASX Listing Rule 10.13, securities are required to be issued within 1 month after the date of meeting (being 11 December 2014). If approved, the Shares the subject of this resolution will be issued on 12 November 2014

The Price or formula for calculating the price

The Shares will be issued for no consideration.

Intended use of the funds raised

No funds will be raised from the issues as the purpose of the issues is to remunerate Mr Andre Carstens in a form other than cash.

Where approval is obtained under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1

The Directors have determined that the issue is reasonable remuneration for the purposes of Chapter 2E and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

A voting exclusion applies in relation to this resolution. See below for details.

Recommendation

The Directors, with Mr Andre Carstens abstaining, recommend that Shareholders vote in favour of Resolution 3.1. Voting exclusions apply to these Resolutions.

Resolution 3.2– Approval of the issue of Securities to the Managing Director

Long Term Incentive (LTI)

The CEO's employment contract, as disclosed to the market in August 2011 provides a combination of long-term incentives, made up of performance rights and options. On 9 August 2011, the Company's Managing Director, Mr Michael Ohanessian was issued 5 million performance rights under Praemium's Directors & Employees Benefits Plan.

The vesting of performance rights, which are able to be converted into fully paid ordinary Shares are directly linked to achieving targeted EBIT per share as set by the Board. Assessment of performance targets commenced in the 2013 financial year for a period of 3 years. Provided targets are achieved, performance rights are weighted 50% in year one, 25% in year two and 25% in year three. The targets set by the Board are absolute so that no entitlements will be issued if baseline targets are not met. Where baseline hurdles are met, 50% of the performance rights available for vesting in respect to that year will vest. Where an outperform hurdle is met, 100% of the performance rights available for vesting in respect to that year will vest.

With FY14's EBIT baseline target of -0.22 cents per share exceeded by 9% based on audited financial results, 625,000 fully paid ordinary Shares, or 50% of the performance rights available for vesting are required to be issued. With the FY14 outperform hurdle not achieved, 625,000 performance rights or 50% of the performance rights available for vesting have lapsed.

In accordance with ASX Listing Rules 10.14, any issue of securities to a director under an employee share plan requires shareholder approval. Upon Shareholder approval being obtained, 625,000 ordinary fully paid Shares in the capital of Praemium Limited can be issued relating to the Managing Director's LTI.

It is a requirement of ASX Listing Rule 10.15 that Shareholders be provided with the following information:

The Name of proposed allottee

Mr Michael Ohanessian is a Director and therefore a related party of Praemium and is also entitled to participate in the Company's Directors & Employees Benefits Plan.

Maximum number of securities that may be issued

625,000 fully paid ordinary Shares, in accordance with the CEO terms of appointment announced to the market on 9 August 2011.

The Price or formula for calculating the price

The Shares will be issued for no consideration.

The names of all persons under rule 10.14 who have received securities under the scheme since the last approval date

Since the scheme was last approved in 2011, the following related parties have been issued fully paid ordinary securities under the Company's Directors & Employees Benefits Plan

- Mr Michael Ohanessian (2.5 million performance rights and 1 million options, converted to fully paid ordinary securities)
- Mr Bruce Loveday (0.5 million fully paid ordinary securities)
- and Mr Peter Mahler (0.5 million fully paid ordinary securities).

All securities to directors received shareholder approval prior to issue of securities.

All related parties entitled to participate in scheme

In addition to Mr Michael Ohanessian, the other related parties who are entitled to participate in the Company's Directors and Employees Benefits Plan are Mr Bruce Loveday, Mr Robert Edgley, Mr Peter Mahler and Mr Andre Carstens.

The date by which the entity will issue the securities

In accordance with ASX Listing Rule 10.15, securities are required to be issued within 12 months after the date of meeting (being 11 November 2015). If approved, the Shares in relation to this resolution will be issued on 12 November 2014.

Where approval is obtained under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1

The Directors have determined that the issue is reasonable remuneration for the purposes of Chapter 2E and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

A voting exclusion applies in relation to this resolution. See below for details.

Recommendation

The Directors, with Mr Michael Ohanessian abstaining, recommend that Shareholders vote in favour of Resolution 3.2. Voting exclusions apply to these Resolutions.

Resolution 3.3 – Approval of the issue of Securities to the Managing Director

Short Term Incentive (STI)

In accordance with the terms of appointment announced to the market on 9 August 2011 the Company's Managing Director, Mr Michael Ohanessian, has the capacity to earn a short term incentive upon achievement of agreed performance criteria, being the achievement of Board agreed budgeted EBIT targets. The STI is determined based on 30% of base salary on achievement of budget EBIT, and up to a maximum of 50% based on outperformance. As disclosed in Praemium's 2014 Annual Report, with FY2014's annual result exceeding target by 49% an STI of \$156,000 has been achieved.

In accordance with ASX Listing Rules 10.11, any issue of securities to a related party requires shareholder approval. These Shares will not be issued under the Company's Directors & Employees Benefits Plan. Upon Shareholder approval being obtained, the number of ordinary fully paid Shares able to be issued is determined by dividing \$156,000 by the share price on 11 November 2014 (Grant Date).

In relation to the Managing Director's STI, which will not be issued under the Company's Directors & Employees Benefits Plan it is a requirement of ASX Listing Rule 10.13 that Shareholders be provided with the following information:

The Name of proposed allottee

Mr Michael Ohanessian is a Director and therefore a related party of Praemium.

Maximum number of securities that may be issued

The maximum value of STI is \$156,000, as disclosed in Praemium's 2014 Annual Report.

The number of Shares to be issued shall be determined by dividing \$156,000 by the Share price on the Grant Date.

The date by which the Company will issue the securities

In accordance with ASX Listing Rule 10.13, securities are required to be issued within 1 month after the date of meeting (being 11 December 2014). If approved, the Shares the subject of this resolution will be issued on 12 November 2014.

The Price or formula for calculating the price

The Shares will be issued for no consideration.

Intended use of the funds raised

No funds will be raised from the issues as the purpose of the issues is to remunerate Mr Michael Ohanessian in a form other than cash.

Where approval is obtained under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1

A voting exclusion applies in relation to this resolution. See below for details.

The Directors have determined that the issue is reasonable remuneration for the purposes of Chapter 2E and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

Recommendation

The Directors, with Mr Michael Ohanessian abstaining, recommend that Shareholders vote in favour of Resolution 3.3. Voting exclusions apply to these Resolutions.

Resolution 4 – Approval of refreshed Praemium Directors & Employees Benefits Plan (the Plan)

The Company seeks to refresh the three year approval for the Plan for the purposes of ASX Listing Rule 7.2 (exception 9). The Plan was first approved in 2005 prior to the Company's listing and then 'refreshed' pursuant to the approval of members at the Company's AGM in 2008, 2009 and 2011. The purpose of the resolution is to seek exemption from shareholder approval to the 15% limit on new issues of securities for securities issued under the Plan as set out below.

ASX Listing Rule 7.1 limits the number of equity securities the Company may issue within any 12 month period without shareholder approval to 15% of each class of securities (the "15% Rule") unless an exception set out in Listing Rule 7.2 applies. Exception 9 to Listing Rule 7.2 applies for three years to securities that are issued under an employee incentive scheme which has been approved by shareholders.

The effect of the approval sought will be, that for 3 years, the issue of securities under the Plan will not reduce the number of equity securities that may be issued by the Company without shareholder approval under the 15% Rule; any such issue will instead add to the number to which the 15% calculation is applied, this increasing the number of equity securities that may be issued by the Company under that rule.

The issue of any securities (including options or performance rights) issued to any director of the Company and / or their associates will still require shareholder approval under ASX Listing Rule 10.14. The issue of securities under the plan also remains subject to the issue limits under the Plan. A total of 9,100,000 securities have been issued, or agreed to be issued, under the current Plan since its approval by members in 2011. A summary of the status of those securities is set out below:

- 940,000 have lapsed or been cancelled;
- 3,505,000 performance rights (or, for UK resident employees, EMI Options), have vested and have converted to fully paid ordinary Shares or are capable of being so converted at the election of their holder; and
- 4,655,000 performance rights are currently outstanding and capable of vesting on achievement of performance conditions over a period spanning 2014 through to September 2017.

The Company has no plans to issue large numbers of securities under the Plan at this time. The Company's remuneration report sets out the Company's policies in respect to remuneration and the way in which it uses the Plan to achieve those policy objectives.

A possible disadvantage, if Resolution 4 is approved, is the dilution of the Company's issued capital, due to the increased number of shares on issue, if employees exercise their options and/or achieve the performance benchmarks that will entitle them to have shares issued to them on the vesting of Performance Rights.

There has been no change to the terms of the Plan since it was last approved at the 2011 AGM. A copy of the amended Plan Rules is available to members on request from the Company Secretary. Voting exclusions apply to this resolution.

Resolution 5 – Approval of further 10% of issue capital

(a) Introduction

On 1 August 2012, new ASX Listing Rule 7.1A was introduced to allow 'eligible entities' to obtain the approval of shareholders at an annual general meeting to issue up to 10% of its issued capital (**Additional Placement Facility**), in addition to the 15% available to the Company under ASX Listing Rule 7.1 (which allows the issue of up to 15% of a company's issued capital without shareholder approval). The Company is an eligible entity as it has a market capitalisation of less than \$300 million. The Company's current market capitalisation is \$70.2 million (at 2 October 2014).

If passed, this resolution would effectively allow the Company to issue up to 25% of its issued capital in the next 12 months without seeking any additional Shareholder approvals. The shares the subject of the Additional Placement Facility must be an existing class of security currently quoted on the ASX. Shares issued with approval under ASX Listing Rule 7.1A may be issued at any time during the 12 month period from the date of this resolution.

This Resolution must take the form of a special resolution. A special resolution requires at least 75% of the votes cast by members entitled to vote must be in favour of the resolution for it to be passed. This includes voting via proxies.

Shareholders are advised that it is a condition of approval under ASX Listing Rule 7.1A that the issue price for the Additional Shares must not be less than 75% of the VWAP calculated over the 15 trading day immediately before:

- (i) the date on which the price is agreed; or
- (ii) or if the securities are not issued with 5 trading days of the date referred to in paragraph (i) the date on which the securities are issued.

(b) Notice requirement under ASX Listing Rule 7.3A

It is a requirement of ASX Listing Rule 7.3A.1 that shareholders be given the following information when seeking approval under ASX Listing Rule 7.1A:

The minimum price at which the Additional Shares may be issued.

It is the intention of the Company that the Shares issued under the Additional Placement Facility will not be for a price less than 5% of the VWAP calculation referred to at paragraph (a) above. In any event, the issue price of the Shares cannot exceed the 25% discount referred to in paragraph (a) above.

Risk of economic and voting dilution of existing shareholders

An issue of shares under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:

- a) the market price for shares may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- b) the equity securities may be issued at a price that is at a discount to the market price for the shares on the issue date.

Should the full Additional Placement Facility be utilised during the next 12 month period, this will have a dilutive effect on Shareholders. It is a requirement of ASX Listing Rule 7.3A that shareholders be provided with examples of the possible dilutive effect further issues can have on a shareholders economic and voting rights. Information under Listing Rule 7.3A.2:

- The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares as at 2 October 2014 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.
- In particular, it assumes that "A" is calculated upon resolutions 3-4 inclusive being approved at the Annual General Meeting.

The table also shows:

- two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution \$0.0925 issue price 50% decrease in Issue Price	Dilution \$0.185 Issue Price	Dilution \$0.37 issue price 100% decrease in Issue Price
Current Variable A 379,720,572 shares	10% voting dilution	37,972,057 shares	37,972,057 shares	37,972,057 shares
	Funds raised	\$3,512,415	\$7,024,830	\$14,049,661
50% increase in current variable A 569,580,858 shares	10% voting dilution	56,958,086 shares	56,958,086 shares	56,958,086 shares
	Funds raised	\$5,268,623	\$10,537,246	\$21,074,492
100% increase in current variable A* 759,441,144 shares	10% voting dilution	75,944,114 shares	75,944,114 shares	75,944,114 shares
	Funds raised	\$7,024,830	\$14,049,661	\$28,099,322

**This example is specifically required by ASX. The Company advises that it has no current intentions to double the number of shares on issue in the next 12 months.*

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Shares available under the 10% Listing Rule 7.1A approval;
- No options are exercised to convert into Shares before the date of the issue of the Shares available under Listing Rule 7.1A.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of share issue under Listing Rule 7.1, based on that Shareholder’s holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Shares under Listing Rule 7.1A consists only of Shares. If the issue includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is \$0.185, being the closing price of the Shares on ASX on 2 October 2014.

The date by which securities approved under this listing rule will be issued.

Securities issued with approval under this ASX Listing Rule, must be issued within 12 months from the date of the resolution by 11 November 2015, or earlier if Shareholders subsequently approval a significant transaction for the purposes of ASX Listing Rule 11.1.2 or ASX Listing Rule 11.2.

The purpose for which the securities may be issued including for non-cash consideration.

It is the Board’s current intention that any funds raised pursuant to an issue of securities will be applied towards any potential acquisitions, in accordance with the Company’s growth strategies. The board may also issue shares for cash consideration. In the event securities are issued for non-cash consideration, the

company will provide for release to the market a valuation of the non-cash consideration in accordance with Listing Rule 7.1A.3

Any issue of shares under the Additional Placement Facility would be subject to the Directors satisfying themselves of the viability of such acquisition. At the time of this Explanatory Memorandum, the Company has not formed an intention in regards to any strategic acquisitions.

Details of the Company's allocation policy for securities issued under this listing rule.

The Company's current allocation policy in respect of the Additional Placement Facility is to make the Additional Shares available to a mix of existing and new shareholders. A final determination as to the suitability of the allocation of the shares will depend on the needs and requirements of the Company at the relevant time.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing security holders can participate;
- b) the effect of the issue of the Listing Rule 7.1A shares on the control the Company;
- c) the financial situation and solvency of the Company; and
- d) advice for corporate, financial and broking advisers (If applicable).

Additional Information required by ASX Listing Rule 7.3A.6

As the Company has previously obtained approval under Listing Rule 7.1A, the following additional information is required to be provided to Shareholders:

- (i) **Total equity securities issued in the 12 months preceding the date of the Annual General Meeting and the percentage they represent of the total number of equity securities on issue at the commencement of that 12 month period:**

4,109,677 fully paid ordinary shares and 1,000,000 options to subscribe for fully paid ordinary shares, representing 1.36% total equity securities; and

- (ii) **Details of all issues of equity securities by the Company during the 12 months preceding the date of the Annual General Meeting are as follows:**

- 3,609,677 fully paid ordinary shares issued to Praemium's CEO, as approved at 2013's AGM. The shares were issued for nil consideration, however based upon the Company's closing Share price on 2 October 2014 were valued at \$667,790;
- 500,000 fully paid ordinary shares issued to Praemium directors, as approved at 2013's AGM. The shares were issued for nil consideration, however based upon the Company's closing Share price on 2 October 2014 were valued at \$92,500; and
- 1,000,000 options exercised by Praemium's CEO, converted to fully paid ordinary shares, at \$0.15 per Share raising \$150,000.

A voting exclusion applies to this Resolutions. See below for details

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5. Voting exclusions apply to this Resolution.

Resolution 6 – Amendment to Constitution

It is a requirement of ASX Listing Rule 14.4, that a company listed on the Australian Stock Exchange must ensure that no director may hold office past the third annual general meeting following their appointment, or three years, whichever is longer without re-election. Accordingly, those seeking to continue in the office of director are required to retire seek re-election.

The Company's constitution currently states:

"At every AGM if the number of directors, after excluding:

(1) a director who is a managing director; and

(2) a director appointed by the directors under rule 9.1(b) and standing for election,

is 5 or less, then 2 of the remaining directors must retire from office or, if the number is more than 5, one third of those directors (to the nearest whole number) must retire from office."

As such, even if the number of directors at the time of holding the Annual General Meeting is three or less, at least two directors are required to retire and if appropriate seek re-election. This requirement is unnecessary and adds additional costs to the meeting process.

Therefore, it is proposed that the Company's Constitution be amended so that minimum number of directors that must retire at the time of the Annual General Meeting shall be one (excluding the Managing Director). This amendment will at all times be subject to ASX Listing Rule 14.4 so that no director will be able to hold office past the 3 year term.

An amendment to the Company's Constitution requires a special resolution of the members. If the resolution is passed clause 9.1(d) of the Company's Constitution will be deleted in its entirety and replaced with the following words:

"At each AGM of the Company, subject to ASX Listing Rule 14.4, at least one director must retire from office, excluding:

a) a director who is a managing director; and

b) a director appointed by the directors under rule 9.1(b) and standing for election."

OTHER INFORMATION

Entitlement to attend and vote

In accordance with Reg 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of Shares in the Company as at 7pm (Melbourne time) on 9 November 2014 will be entitled to attend and vote at the AGM as a Shareholder.

If more than one joint holder of Shares is present at the AGM (whether personally, by proxy, or by attorney, or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register of Shareholders will be counted.

Voting Exclusion/Prohibition Statements

The Company will, in accordance with the Listing Rules, disregard any votes cast:

- On Resolutions 3.1 by Mr Carstens and his associates
- On 3.2 by all directors of Praemium Limited;
- On Resolution 3.3 by Mr Michael Ohanessian and his associates
- On Resolution 4 by Directors of the company and their associates; and
- On Resolution 5, by a person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity as holder of ordinary securities, if the resolution is passed and their associates

However, the Company need not disregard a vote if:

- It is cast by a director as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Special voting restrictions in relation to Resolution 2:

- In addition to the voting exclusions set out above (which relate to the ASX Listing Rules), special voting restrictions are imposed in relation to Resolution 2 by the Corporations Act. Further details are set out in the notes to Resolution 2 in this Explanatory Statement.

Direct Voting

In accordance with rule 8.7(j) of the Company's Constitution, where a Shareholder is entitled to vote, and cannot attend personally and does not wish to appoint a proxy, the Shareholder may vote directly on Resolutions to be considered at the AGM by mailing their vote(s) to the Company's share registry, Link Market Services Limited, by 11.00am (Melbourne time) on 9 November 2014.

The direct voting form may be:

Mailed / delivered to the Company's share registry, Link Market Services Limited at:

Street Address: Level 12, 680 George Street, SYDNEY, NSW 2000 or 1A Homebush Bay Drive, Rhodes NSW 2138

Postal Address: Locked Bag A14, SYDNEY SOUTH, NSW 1235

Faxed to Link Market Services Limited on Fax: 02 9287 0309

Online Direct Voting – Direct votes can be lodged online at www.praemium.com.au by using the following steps.

- Step 1 –** select Investor Relations from the top menu;
- Step 2 –** click on Shareholder Communications;
- Step 3 –** click on the link at the end of the webpage titled Praemium online share registry.
- Step 4 –** enter your Holder Identification Number (HIN) or Shareholder Registration Number (SRN) (which appears on your proxy form or a statement previously received), your surname or company name (as registered), your postcode and then select validate;
- Step 5 –** select Voting from the top menu;
- Step 6 –** after selecting the meeting and declaration and then clicking on OK, select the third option titled Direct Vote;
- Step 7 –** complete the steps to lodge your direct vote.

You will be taken to have signed your direct vote form if you lodge it in accordance with the instructions given on the website.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth) to be provided. The Certificate must be lodged with the Company before the AGM or at the registration desk on the day of the AGM. The Company will retain the certificate. A form of this certificate may be obtained from the Company's share registry.

Proxies

In accordance with section 249L(d) of the Corporations Act 2001 (Cth) a member who is entitled to attend and vote at the AGM may appoint a proxy. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the AGM.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

If a Shareholder is entitled to cast two or more votes the Shareholder may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

A proxy need not be a member.

The Proxy Form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by the Company's share registry, Link Market Services Limited, by 11.00am (Melbourne time) on 9 November 2014.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote by marking either "For" "Against" or "Abstain" for that item of business. If you sign the enclosed voting form and do not mark Box A or Box B, you will have appointed the Chairman of the meeting as your proxy. Where the shareholder expressly authorises the chair to exercise the proxy, your shares will be voted on Resolution 2.

The completed proxy form may be:

Mailed / delivered to the Company's share registry using the enclosed envelope, to Link Market Services Limited at:

Street Address: Level 12, 680 George Street, SYDNEY, NSW 2000 or 1A Homebush Bay Drive, Rhodes NSW 2138

Postal Address: Locked Bag A14 SYDNEY SOUTH, NSW 1235

Faxed to Link Market Services Limited on Fax: 02 9287 0309

Online Proxy Appointment - Proxies can be lodged online at www.praemium.com.au by the following steps.

- Step 1 –** select Investor Relations from the top menu;
- Step 2 –** click on Shareholder Communications;
- Step 3 –** click on the link at the end of the webpage titled Praemium online share registry.
- Step 4 –** enter your Holder Identification Number (HIN) or Shareholder Registration Number (SRN) (which appears on your proxy form or a statement previously received), your surname or company name (as registered), your postcode and then select validate;
- Step 5 –** select Voting from the top menu;
- Step 6 –** complete the steps to lodge your proxy.

You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website. To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.



By mail:
Praemium Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474



X99999999999

VOTING FORM

STEP 1 Please mark either Box A or Box B

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

A VOTE DIRECTLY

☐ elect to lodge my/our vote(s) directly (mark box)

i in relation to the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 11 November 2014**, and at any adjournment or postponement of the Meeting.
You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 11 November 2014 at Grant Thornton, Level 30 The Rialto, 525 Collins Street Melbourne Vic** (the Meeting) and at any postponement or adjournment of the Meeting.
I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Voting Directions will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2 VOTING DIRECTIONS

Resolutions

	For	Against	Proxy Only Abstain*		For	Against	Proxy Only Abstain*
1.1 Election of Director - Andre Carstens	☐	☐	☐	3.2 Approval of Issue of Securities to Michael Ohanessian (Long Term Incentive)	☐	☐	☐
1.2 Re-Election of Director - Bruce Loveday	☐	☐	☐	3.3 Approval of Issue of Securities to Michael Ohanessian (Short Term Incentive)	☐	☐	☐
1.3 Re-Election of Director - Peter Mahler	☐	☐	☐	4 Approval of Refreshed Praemium Directors & Employees Benefits Plan	☐	☐	☐
2 Adoption of Remuneration Report	☐	☐	☐	5 Approve the Issue of up to 10% of the Issued Capital of the Company	☐	☐	☐
3.1 Approval of Issue of Securities to Andre Carstens	☐	☐	☐	6 Amendment to the Constitution	☐	☐	☐

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

STEP 3 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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

PPS PRX403R



HOW TO COMPLETE THIS VOTING FORM

Your Name and Address

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

Voting under Box A

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

If you have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

The Chairman's decision as to whether a direct vote is valid is conclusive.

Voting under Box B - Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Box B. 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 in Box B. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

Signing Instructions

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

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

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

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

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

Corporate Representatives

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

Lodgement of a Voting Form

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 9 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE > www.linkmarketservices.com.au

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



by mail:

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



by fax:

+61 2 9287 0309



by hand:

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

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**