



2016/17

NOTICE OF ANNUAL  
GENERAL MEETING

The annual general meeting of the Company will be held at

**Botanical 4, Lower Level, Crown Convention Centre,  
Great Eastern Highway, Burswood, Western Australia**

on **Wednesday, 29 November 2017 at 10.00am (WST)**.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on **+61 8 9432 2800**

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

# NOTICE OF ANNUAL GENERAL MEETING

## **Wellard Limited**

ACN 607 708 190

Notice is hereby given that the annual general meeting of shareholders of Wellard Limited (**Company**) will be held at Botanical 4, Lower Level, Crown Convention Centre, Great Eastern Highway, Western Australia on Wednesday, 29 November 2017 at 10.00am (WST) (**Meeting**).

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

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 as Shareholders on 27 November 2017 at 4.00pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

# AGENDA

## 1. ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

## 2. RESOLUTION 1 – REMUNERATION REPORT

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 section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum.”*

### VOTING PROHIBITION

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **3. RESOLUTION 2 – CONFIRMATION OF APPOINTMENT OF MR JOHN KLEPEC AS DIRECTOR**

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 Listing Rule 14.4, rule 11.3(a) of the Constitution and for all other purposes, Mr John Klepec, who was appointed as an addition to the Board, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

## **4. RESOLUTION 3 – CONFIRMATION OF APPOINTMENT OF MR KANDA LU AS DIRECTOR**

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 Listing Rule 14.4, rule 11.3(a) of the Constitution and for all other purposes, Mr Kanda Lu, who was appointed as an addition to the Board, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

## **5. RESOLUTION 4 –CONFIRMATION OF APPOINTMENT OF MR FRED TRONCONE AS DIRECTOR**

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 Listing Rule 14.4, rule 11.3(a) of the Constitution and for all other purposes, Mr Fred Troncone, who was appointed as an addition to the Board, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

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## **6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities 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 and on the terms and conditions in the Explanatory Memorandum.”*

### **VOTING PROHIBITION**

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed and any associate of such person, except a benefit solely in the capacity as a Shareholder.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **7. RESOLUTION 6 – GRANT OF EXECUTIVE SHARE OPTIONS TO MR FRED TRONCONE UNDER THE WELLARD EXECUTIVE SHARE OPTION PLAN**

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

*“That, for the purposes of Listing Rules 10.14 and 10.19, section 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 5,600,000 Executive Share Options to Mr Fred Troncone (or his nominee) (including the issue or transfer of up to 5,600,000 Shares on exercise of those Executive Share Options) pursuant to his remuneration package and under the Wellard Executive Share Option Plan and on the terms and conditions in the Explanatory Memorandum, and the giving of benefits under the Wellard Executive*

# AGENDA

*Share Option Plan in connection with any future retirement from his office, directorship or position of employment with the Company, are approved.”*

## **VOTING PROHIBITION**

The Company will disregard any votes cast on this Resolution by the Directors (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and any Director that is entitled to participate in a termination benefit, and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A vote on this Resolution must not be cast by or on behalf of Mr Troncone and any associate of Mr Troncone.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member and the appointment does not specify how the proxy is to vote.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

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- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 8. RESOLUTION 7 - SPILL RESOLUTION (CONTINGENT UPON OUTCOME OF RESOLUTION 1)

If at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, 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 section 250V of the Corporations Act and for all other purposes, another meeting (**Spill Meeting**) of the Shareholders be held within 90 days of 29 November 2017, on the terms and conditions in the Explanatory Memorandum, so that:*

- (a) all of the Directors who hold office at the Meeting excluding Mr Mauro Balzarini, as Managing Director, will cease to hold office immediately before the end of the Spill Meeting;*
- (b) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting (**Vacated Offices**) will be voted on at the Spill Meeting; and*
- (c) the persons appointed to Vacated Offices at the Spill Meeting may include Directors who hold office at the Meeting.”*

### VOTING PROHIBITION

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

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However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated: 13 October 2017

By order of the Board

A handwritten signature in black ink, appearing to read "Michael Silbert", with a long horizontal flourish extending to the right.

**Mr Michael Silbert**

Company Secretary

Wellard Limited

ACN 607 708 190



# EXPLANATORY MEMORANDUM

## 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Botanical 4, Lower Level, Crown Convention Centre, Great Eastern Highway, Western Australia on Wednesday, 29 November 2017 at 10.00am (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

## 2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company 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; and
- (c) a member of the Company 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.00 am (WST) on 27 November 2017, being at least 48 hours before the Meeting.

# EXPLANATORY MEMORANDUM

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **2.2 VOTING PROHIBITION BY PROXY HOLDERS (REMUNERATION OF KEY MANAGEMENT PERSONNEL)**

A vote on Resolutions 1, 6 and/or 7 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

## **3. ANNUAL REPORT**

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.wellard.com.au](http://www.wellard.com.au);
- (a) ask questions about, or comment on, the management of the Company; and
- (b) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
  - (b) the conduct of the audit;
  - (c) accounting policies of the Company in relation to the preparation of the financial statements; and
  - (d) the independence of the auditor in relation to the conduct of the audit,
- may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

## 4. RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

The Company's Remuneration Report received a first Strike at the 2016 annual general meeting. Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company must put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In response to the first strike the Board has talked to Shareholders, looked at the pay structure and the demands the Company is putting on its staff as a result of

# EXPLANATORY MEMORANDUM

the currently adverse trading conditions, considered the Company's contractual arrangements with staff and considered the fact that no short-term or long-term incentives were payable, and as a result of this review the Company opted to cut back on staff numbers and expenses rather than attempt to drop contractual rates and demotivate its hard-working staff. The results of that review are more fully set out in the Remuneration Report.

If the Remuneration Report receives a Strike at this Meeting, Resolution 7 will be voted on at the Meeting. Accordingly, please note that a 'no' vote of 25% or more on Resolution 1 may result in the re-election of the Board.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **5. RESOLUTIONS 2 – 4 (INCLUSIVE) – CONFIRMATION OF APPOINTMENT OF MESSRS JOHN KLEPEC, KANDA LU AND FRED TRONCONE AS DIRECTORS**

In accordance with Listing Rule 14.4, a director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Rule 11.3(a) of the Constitution provides that if a person was appointed as a Director by the Board, the Company must confirm that appointment at the next annual general meeting.

Mr John Klepec was appointed as a Director by the Board on 15 November 2016. Resolution 2 provides that the Shareholders approve and confirm his appointment as Director.

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John has had considerable public company experience, including, most recently, as a non-executive director of Ten Network Holdings Limited. John was the Chief Development Officer for Hancock Prospecting from 2010 to 2016, and prior to that held senior management positions with major Australian publicly listed companies, including BHP Billiton Limited, Mayne Group Limited and the BGC Group.

During his time at Hancock Prospecting, John was responsible for developing Hancock's substantial agricultural portfolio. John possesses considerable expertise in commercial management, business development and finance across a wide range of industry groups.

Further details of Mr John Klepec's background and experience are set out in the Annual Report.

Mr Kanda Lu was appointed as a Director by the Board on 12 May 2017. Resolution 3 provides that the Shareholders approve and confirm his appointment as Director.

Kanda was appointed an Executive Director of Wellard on 12 May 2017. Kanda is the Managing Director of Wellard's wholly-owned Wellao business, and responsible for the development and growth of Wellard's entry into the Chinese livestock market.

Kanda's former positions include Head of Sales of Morgan Stanley Huaxin, Vice President (Institutional Clients) of Ping An Securities, Senior Manager (Institutional Asset Management) of Dacheng Fund, and Business Development Associate (NSW Branch) of Australian Finance Group. Kanda is also the Assistant to the Chairman of major Wellard shareholder, Fulida, and possess considerable expertise in Chinese commerce, distribution and marketing.

Further details of Mr Kanda Lu's background and experience are set out in the Annual Report.

Mr Fred Troncone was appointed as a Director by the Board on 26 June 2017. Resolution 4 provides that the Shareholders approve and confirm his appointment as Director.

Fred is a former CEO of Wellard Rural Exports, with considerable experience in the live-export industry, as well as with digital strategies, organisational change and business transformation to leverage market conditions and business

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opportunities. Fred has sound international business credentials, and has business experience in Australia, South East Asia, China, the Middle East, Europe and Russia.

As announced on 21 September 2017, the Company appointed Mr Troncone as Executive Director – Operations, a role in which he will strengthen the management team and bring his considerable livestock export operating experience to improve the operating efficiency of the business.

Further details of Mr Fred Troncone’s background and experience are set out in the Annual Report.

Resolutions 2 – 4 (inclusive) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 2 – 4 (inclusive).

The Board (excluding Mr John Klepec in respect of Resolution 2, Mr Kanda Lu in respect of Resolution 3 and Mr Fred Troncone in respect of Resolution 4) recommends that Shareholders vote in favour of Resolutions 2 – 4 (inclusive).

## **6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY**

### **6.1 GENERAL**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c)).

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The Directors believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 5.

## 6.2 LISTING RULE 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue one quoted classes of Equity Securities, being Shares.

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;

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- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval; and
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 531,250,312 Shares and, assuming that Resolution 5 is passed, will have capacity to issue:

- (i) 79,687,546 Equity Securities under Listing Rule 7.1; and
- (ii) 53,125,031 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c)).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:



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- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i), the date on which the Equity Securities are issued.
- (f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX,

(the **10% Placement Period**).

## 6.3 LISTING RULE 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

## 6.4 SPECIFIC INFORMATION REQUIRED BY LISTING RULE 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i), the date on which the Equity Securities are issued.

# EXPLANATORY MEMORANDUM

(b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

(c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares 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 the Notice.

(d) The table also shows:

- (i) 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
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

# EXPLANATORY MEMORANDUM

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.063	\$0.125	\$0.250
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A	10% Voting Dilution	53,125,031.20	53,125,031.20	53,125,031.20
531,250,312 Shares	Funds raised	\$3,320,314.45	\$6,640,628.90	\$13,281,257.80
50% Increase in Variable A	10% Voting Dilution	79,687,546.80	79,687,546.80	79,687,546.80
796,875,468.00 Shares	Funds raised	\$4,980,471.68	\$9,960,943.35	\$19,921,886.70
100% Increase in Variable A	10% Voting Dilution	106,250,062.40	106,250,062.40	106,250,062.40
1,062,500,624.00 Shares	Funds raised	\$6,640,628.90	\$13,281,257.80	\$26,562,515.60

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Notes are converted into Shares before the date of the issue of the Equity Securities.
- (iii) No Executive Share Options are exercised into Shares before the date of the issue of the Equity Securities.
- (iv) 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%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vi) 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.
- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities 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.
- (viii) The issue price is \$0.125, being the closing price of the Shares on ASX on 12 October 2017.

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- (e) The Company will only issue the Equity Securities during the 10% Placement Period.
- (f) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) non-cash consideration for the acquisition of the new assets, for the purposes of refinancing and/or maintenance of working capital. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets (including expenses associated with such acquisition), refinancing, continued expenditure on the Company's current assets and/or general working capital.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) 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;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

# EXPLANATORY MEMORANDUM

- (j) A voting prohibition statement is included in the Notice for Resolution 5.
- (k) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting prohibition in the Notice.

## 6.5 DIRECTOR RECOMMENDATION

The Directors recommend that Shareholders vote in favour of Resolution 5.

## 7. RESOLUTION 6 – GRANT OF EXECUTIVE SHARE OPTIONS TO MR FRED TRONCONE UNDER THE WELLARD EXECUTIVE SHARE OPTION PLAN

### 7.1 GENERAL

Resolution 6 seeks Shareholder approval in accordance with Listing Rules 10.14 and 10.19, and section 200E of the Corporations Act, to issue up to 5,600,000 Executive Share Options to Mr Fred Troncone, Director, (or his nominee) pursuant to his remuneration package and under the Wellard Executive Share Option Plan and to issue or transfer of up to 5,600,000 Shares on exercise of the Executive Share Options. The number of Executive Share Options to be issued to Mr Troncone has been calculated after considering remuneration payable to executives for similar roles at comparable ASX-listed companies.

Mr Troncone was appointed as a non-executive Director on 20 June 2017. On 21 September 2017, the Company announced that Mr Troncone has been appointed as Executive Director – Operations, a role in which he would assume management responsibility for all of the Company's day-to-day operational matters.

The Company's remuneration policy for long-term incentives is included in the Company's 2017 Annual Report. The Company's remuneration policy is to ensure executive remuneration is competitive in retaining and motivating key executives. The issue of these Executive Share Options, which are subject to certain share-price performance hurdles and a continued period of employment, will provide a long-term incentive for outstanding performance and the opportunity for share ownership.

# EXPLANATORY MEMORANDUM

The proposed issue of the Executive Share Options seeks to align Mr Tronccone's interests with those of Shareholders by linking his remuneration with the long-term performance of the Company.

The Executive Share Options will vest in the following tranches:

- (a) 1,400,000 Executive Share Options will vest if the Company's 30 day VWAP reaches or exceeds \$0.40 at any time prior to the date which is three years from Mr Tronccone's appointment as Executive Director, being 21 September 2017 and at this time Mr Tronccone remains an Employee;
- (b) 2,240,000 Executive Share Options will vest if the Company's 30 day VWAP reaches or exceeds \$0.55 at any time prior to the date which is three years from Mr Tronccone's appointment as Executive Director, being 21 September 2017 and at this time Mr Tronccone remains an Employee; and
- (c) 1,960,000 Executive Share Options will vest if the Company's 30 day VWAP reaches or exceeds \$0.70 at any time prior to the date which is three years from Mr Tronccone's appointment as Executive Director, being 21 September 2017 and at this time Mr Tronccone remains an Employee.

If one or more tranches of Executive Share Options vest, Mr Tronccone will be able to exercise 50% of the relevant tranche immediately and 50% of the relevant tranche following the date which is three years from Mr Tronccone's appointment as Executive Director, being 21 September 2017, in each case for nil cash consideration.

Unvested Executive Share Options will lapse on the date which is three years from the date of issue. Vested Executive Share Options which have not been exercised will lapse on the date that is 10 years from the date of issue.

Under the Wellard Executive Share Option Plan, if a participant ceases to be an Employee in circumstances other than as a bad leaver, the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options.

# EXPLANATORY MEMORANDUM

In the event of a Corporate Action or any other event determined by the Board, in its absolute discretion, subject to applicable law, the Board may determine that:

- (a) a participant's unvested Executive Share Options will vest;
- (b) a participant may transfer or otherwise dispose of their Executive Share Options; or
- (c) any Disposal Restrictions will be waived.

The Wellard Executive Share Option Plan was approved at the Company's 2016 annual general meeting. The material terms of the Wellard Executive Share Option Plan are summarised in Schedule 2.

Resolution 6 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **7.2 SECTION 208 OF CORPORATIONS ACT**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Troncone is a Director and is therefore a related party of the Company.

The Board has considered the application of section 208 of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of the Executive Share Options to Mr Troncone pursuant to section 208 of the Corporations Act. In reaching this conclusion, the Board has had regard to a variety of factors, including market practice and the remuneration offered in persons to comparable positions at comparable companies.

# EXPLANATORY MEMORANDUM

## 7.3 SECTION 200B OF THE CORPORATIONS ACT

The Corporations Act restricts the benefits which can be given to individuals who hold a managerial or executive office (as defined in the Corporations Act) in connection with the retirement from their position of employment in the company or its related bodies corporate. A person who holds a managerial or executive office includes a member of Key Management Personnel. Mr Troncone is Key Management Personnel.

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

A benefit includes automatic, or accelerated, vesting of share-based payments for a person or the exercise of discretion to allow a person to maintain a benefit they would not otherwise be entitled to retain, on, or as a result of, retirement from their position of employment in the company. Under the Wellard Executive Share Option Plan, if a participant ceases to be an Employee in circumstances other than as a bad leaver, the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options. Accordingly Shareholder approval of Resolution 6 will permit the Board, where appropriate, to deal with the Executive Share Options in accordance with the terms of the Wellard Executive Share Plan, including the exercise of the Board's discretion to:

- (a) waive the vesting condition of any Executive Share Options;
- (b) allow Mr Troncone to retain and not forfeit any unvested or vested Executive Share Options; and
- (c) determine that some or all of the unvested Executive Share Options are deemed to have vested,

(“**Retirement Benefits**”).

Accordingly, the Company is seeking Shareholder approval under section 200E in connection with potential Retirement Benefits.



# EXPLANATORY MEMORANDUM

The value of the termination benefits connected to the Executive Share Options cannot presently be ascertained but matters, events and circumstances that will, or likely to, affect the calculation of that value include:

- (a) the number of Executive Share Options held by Mr Troncone prior to his retirement from office, or portion of employment;
- (b) the reasons for Mr Troncone's cessation of employment;
- (c) the length of service with the Company and the performance of Mr Troncone over that period of time;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied;
- (e) the market price of the Shares on ASX at the relevant time;
- (f) the risk free rate of return in Australia and the estimated volatility of the Shares on ASX at the relevant time; and
- (g) any other factors that the Board determines to be relevant when exercising its discretion under the terms of the Wellard Executive Share Option Plan, including to allow the retention and non-forfeiture, or accelerating the vesting condition associated with the Executive Share Options held by Mr Troncone at the relevant time.

The Company will calculate the value of the benefit at the relevant time based on the above factors and using the Black Scholes Pricing Model to value the Executive Share Options.

## **7.4 LISTING RULE 10.14**

In accordance with Listing Rule 10.14, the Company must not permit a Director or any of his or her associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. The issue of Executive Share Options (and the resultant Shares) to Mr Troncone will not be included in calculating the Company's capacity to issue securities under Listing Rules 7.1 and 7.1A.

# EXPLANATORY MEMORANDUM

## 7.5 SPECIFIC INFORMATION REQUIRED BY LISTING RULE 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Executive Share Options will be granted to Mr Fred Troncone (and/or his nominee).
- (b) Mr Troncone (or his nominee) will be granted up to 5,600,000 Executive Share Options. Mr Troncone (or his nominee) will be issued or transferred up to 5,600,000 Shares if all Executive Share Options vest and are exercised.
- (c) The Executive Share Options to be issued to Mr Troncone will be granted for no cash consideration. The Executive Share Options will have no exercise price.
- (d) No person has received securities under the Wellard Employee Share Option Plan since it was approved by Shareholders at the 2016 annual general meeting.
- (e) Under the rules of the Wellard Executive Share Option Plan, only Employees are entitled to participate in the Wellard Executive Share Option Plan. The Directors are each Employees for these purposes and are eligible to participate in the Wellard Executive Share Option Plan.
- (f) A voting exclusion statement is included in this Notice for Resolution 6.
- (g) No loan will be made to Mr Troncone in relation to the acquisition of Executive Share Options or Shares under the Wellard Executive Share Option Plan.
- (h) The Company will grant the Executive Share Options no later than 12 months (or such longer period of time as ASX may in its discretion allow) after the date of the Meeting.

## 7.6 LISTING RULE 10.19

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interest of the entity as detailed in the latest accounts given to ASX under the Listing Rules.

# EXPLANATORY MEMORANDUM

The Company is also seeking Shareholder approval, for the purposes of Listing Rule 10.19, to permit the Board to deal with the Executive Share Options in accordance with the terms of the Wellard Executive Share Option Plan, including to exercise its discretion to permit the Board to deal to give the Retirement Benefits.

The value of the Retirement Benefits payable to Mr Troncone depends on a number of factors, including the extent the Board exercises its discretion under the Wellard Executive Share Option Plan to give the Retirement Benefits. It also depends on the value of the Company's equity interests which vary over time. Accordingly, it is possible that the provision of the Retirement Benefits the subject of this Resolution may exceed 5% of the equity interests of the Company at the relevant time.

## 7.7 DIRECTORS' RECOMMENDATION

The Board (other than Mr Fred Troncone) recommends that Shareholders vote in favour of Resolution 6.

## 8. RESOLUTION 7 – SPILL RESOLUTION (CONTINGENT UPON OUTCOME OF RESOLUTION 1)

In accordance with section 250V of the Corporations Act, if the Remuneration Report receives a Strike, being a 'no' vote of 25% or more, at two consecutive annual general meetings, the Company must put to vote at the second annual general meeting a resolution (**Spill Resolution**) on whether all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Remuneration Report received a first Strike at the 2016 annual general meeting. If Resolution 1 receives a 'no' vote of 25% or more at the Meeting, this will constitute a second Strike and Resolution 7 will be voted on.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the Meeting. All of the Directors other than the Managing Director who were in office at the date of the approval of the Directors' Report considered at the Meeting (Spilled Directors) will cease to hold office immediately before the end of the Spill Meeting, but may stand for reappointment. Shareholders will vote on the reappointment of Spilled Directors and/or election of new Directors at the Spill Meeting.

# EXPLANATORY MEMORANDUM

In accordance with section 250X of the Corporations Act, if there would be fewer than three Directors after the Spill Meeting, two positions will be filled by Directors or Spilled Directors who have the highest percentage of votes favouring appointment. If two or more persons have the same percentage of votes cast in favour of their appointment, the other Directors will choose one of those persons as the appointed director.

Resolution 7 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 7, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting prohibition statement is included in the Notice for Resolution 7.

Shareholders should be aware that the convening of the Meeting may cause the Company to incur significant expense in conducting the meeting and may disrupt senior management's focus on the Company's business operations, including jeopardising discussions with its financiers and lenders with respect to the waiver of ongoing loan covenant breaches. Shareholders should also note that there are no voting prohibitions applicable at the Spill Meeting. Accordingly, the Company's major shareholders may exercise their voting rights to reappoint the existing Directors without any changes to the composition of the Board. The Board has maintained a dialogue with the Company's major shareholders and understand that they are broadly supportive of the Company's current strategic direction.

## **8.1 DIRECTOR RECOMMENDATION**

The Directors recommend that Shareholders vote against Resolution 7.

# SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 6.1.

**10% Placement Period** has the meaning given in Section 6.2(f).

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2017.

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

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Wellard Limited (ACN 607 708 190).

**Company VWAP** means the VWAP of Shares on issue during, and calculated over, thirty trading days.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Convertible Notes** means an unsecured convertible note issued by the Company.

# SCHEDULE 1: DEFINITIONS

**Corporate Action** means where:

- (a) the Board determines there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the Company or the Group which may adversely affect the rights of or value to participants under the Wellard Executive Share Option Plan;
- (b) offers are made to acquire all of the Shares (or all of these that the offeror does not already have a relevant interest in) and after the announcement of the offer the offeror acquire control of the Company or the Group or offers are made to acquire all of the Shares (or all of those that the offeror does not already have a relevant interest in) by any person who has control of the Company or the Group;
- (c) a scheme or arrangement under the Corporations Act is proposed between the Company and its shareholders; or
- (d) a resolution for a members' voluntary winding up of the Company is passed.

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

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Disposal Restrictions** means such restrictions on disposal or dealing in Executive Share Options, or in Shares delivered on exercise of Executive Share Options, as determined by the Board from time to time at its absolute discretion.

**Employee** means:

- (a) an employee, contractor or consultant of the Group;
- (b) a director of any Group Company;
- (c) a person to whom an offer of employment, engagement as a contractor or engagement as a consultant the Group has been made; or
- (d) any individual who is otherwise engaged by the Group to provide services.

**Equity Security** has the same meaning as in the Listing Rules.

# SCHEDULE 1: DEFINITIONS

**Executive Share Option** means an Option issued under the Wellard Executive Share Option Plan.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Financial Report** means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

**Group** means the Company and its subsidiaries and **Group Company** means any one of them.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**Managing Director** means the managing director of the Company.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Retirement Benefits** has the meaning given in Section 7.3.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

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

# SCHEDULE 1: DEFINITIONS

**Shareholder** means a shareholder of the Company.

**Spill Meeting** has the meaning given in Resolution 7.

**Spill Resolution** has the meaning given in Section 8.

**Spilled Directors** has the meaning given in Section 8.

**Strike** has the meaning given in Section 4.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Vacated Offices** has the meaning given in Resolution 7.

**VWAP** has the meaning given to 'volume weighted average market price' in the Listing Rules.

**Wellard Executive Share Option Plan** means the executive share option plan of the Company.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.



# SCHEDULE 2: SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

Item or Material Term	Summary of Material Term
<b>PLAN DETAILS</b>	
1. <b>Name of plan</b>	Wellard Executive Share Option Plan.
2. <b>Purpose of the plan</b>	To attract, reward and retain valuable employees and support the growth of the company.
3. <b>Eligibility to participate</b>	The Employees who the Board determines, in its absolute discretion, to issue an Executive Share Option.
4. <b>Option term</b>	10 years from the date of issue or such other date determined by the Board in its absolute discretion.
5. <b>Payout alternatives</b>	The Company may determine, in its discretion, whether to settle vested and exercised Executive Share Options in cash or Shares.
6. <b>Source of Shares</b>	The Board may determine, in its absolute discretion, to either issue new Shares or acquire Shares on market.
7. <b>Exercise price</b>	Executive Share Options may be granted with an exercise price as determined by the Board, including, for the avoidance of doubt, with no exercise price.
<b>VESTING CONDITIONS</b>	
8. <b>Performance Conditions</b>	The Executive Share Options may have milestone dates, prior to which performance conditions must be satisfied.
<b>DISPOSAL RESTRICTIONS</b>	
9. <b>Disposal restrictions on Shares</b>	The Board may in its absolute discretion, determine the Disposal Restrictions that apply to some or all Shares acquired under the Wellard Executive Share Option Plan and may determine the terms and conditions of such Disposal Restrictions.

# SCHEDULE 2: SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

Item or Material Term	Summary of Material Term
-----------------------	--------------------------

## FORFEITURE AND TERMINATION

### 10. Good Leaver

A good leaver is a participant under the Wellard Executive Share Option Plan who:

- (a) ceases to be an Employee as a result of genuine redundancy, death or total and permanent disablement; or
- (b) ceases to be an Employee and the Board determines at its sole discretion is a good leaver.

If a participant is a good leaver:

- (c) the number of unvested Executive Share Options that will be retained by the participant will be calculated in accordance with the following formula:

$$RA = UO \times \frac{D}{VP}$$

Where

**RA** = The number of unvested Executive Share Options the good leaver may retain (rounded down the nearest whole number).

**UO** = The number of unvested Executive Share Options that could have vested had the good leaver remained an Employee.

**D** = the number of months which have elapsed in the period beginning on the issue of the Executive Share Options and ending on the date that the Participant ceases to be an Employee (rounded up to the nearest whole number).

**TVP** = the number of months in the vesting period applicable to all Executive Share Options for the relevant tranche (e.g. if Executive Share Options are subject to annual vesting over a four year period, the TVP is 48); and

- (d) all vested Executive Share Options will be retained by the good leaver.

Notwithstanding the above, if a participant ceases to be an Employee in circumstances other than as a bad leaver (refer below), the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options.

# SCHEDULE 2: SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

Item or Material Term	Summary of Material Term
<b>11. Bad Leaver</b>	<p>A bad leaver is a participant under the Wellard Executive Share Option Plan who ceases to be an Employee and who:</p> <ul style="list-style-type: none"><li>(a) breaches any provision of the terms of their employment and who the board determines is a bad leaver;</li><li>(b) breaches any provision of the Wellard Executive Share Option Plan and fails to rectify such breach within 10 days of the date the Board issues notice of such breach;</li><li>(c) is subject to an insolvency event; or</li><li>(d) the Board, determines in its absolute discretion, is a bad leaver,</li></ul> <p>but does not include a participant who is a good leaver (refer above).</p> <p>If a participant is a bad leaver, all Executive Share Options held will lapse and all rights of the participant in respect of all unvested Executive Share Options, exercised Executive Share Options for which Shares are yet to be transferred, allotted or issued and vested but unexercised Executive Share Options will cease.</p>
<hr/> <b>CORPORATE ACTIONS</b> <hr/>	
<b>12. Corporation actions</b>	<p>In the event of a Corporate Action or any other event determined by the Board, in its absolute discretion, subject to applicable law, the Board may determine that:</p> <ul style="list-style-type: none"><li>(a) a participant's unvested Executive Share Options will vest;</li><li>(b) a participant may transfer or otherwise dispose of their Executive Share Options; or</li><li>(c) any Disposal Restrictions will be waived.</li></ul>
<hr/> <b>LIMITS ON CAPITAL</b> <hr/>	
<b>13. Limits of capital</b>	<p>The Company will comply with such legal and regulatory limitations which limited the percentage of the capital of the Company that may be available under the Executive Share Option Plan from time to time as determined by the Board to be appropriate.</p>





# Wellard

ABN 53 607 708 190

## LODGE YOUR VOTE

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Wellard Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

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

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Wednesday, 29 November 2017 at Botanical 4, Lower Level, Crown Convention Centre, Great Eastern Highway, Burswood, Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 6 and 7:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6 and 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business except Resolution 7 where undirected proxies will be voted against the resolution (if it is put to the meeting).**

### VOTING DIRECTIONS

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

STEP 2

#### Resolutions

- 1 Adoption of Remuneration Report
- 2 Confirmation of Appointment of Mr John Klepec as Director
- 3 Confirmation of Appointment of Mr Kanda Lu as Director
- 4 Confirmation of Appointment of Mr Fred Troncone as Director
- 5 Approval of 10% Placement Facility
- 6 Grant of Executive Share Options to Mr Fred Troncone under the Wellard Executive Share Option Plan

For Against Abstain\*

	For	Against	Abstain*
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Board Recommendation:** The Board recommends shareholders vote **AGAINST** Resolution 7.

For Against Abstain\*

**7** Spill Resolution (Contingent Upon Outcome of Resolution 1)

  

**Note – Resolution 7 will only be put to the Annual General Meeting if at least 25% of votes cast on Resolution 1 (Adoption of Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 1 are against that Resolution, then there will be no second strike and Resolution 7 will not be put to the Annual General Meeting.**

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

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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).

STEP 3

WLD PRX1702N



## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

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

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities 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 securities 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 security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities 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 securityholder may sign.

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Monday, 27 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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



#### BY MAIL

Wellard 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

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**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.**