

## NOTICE OF ANNUAL GENERAL MEETING

**PERTH, AUSTRALIA; 14<sup>th</sup> OCTOBER 2016:** Hazer Group Limited (ASX: HZR, HZRO) advises that the following documents will be sent to shareholders today:

- Notice of Annual General Meeting
- Proxy Form

**For more information contact:**

Emma Waldon, Company Secretary, [ewaldon@hazergroup.com.au](mailto:ewaldon@hazergroup.com.au)

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## LETTER TO SHAREHOLDERS

14 October 2016

Dear Shareholder

### Annual General Meeting

On behalf of the Board, I am pleased to invite you to attend the Annual General Meeting of Hazer Group Limited. This will be held at 10.00am (AWST) on Tuesday, 15 November 2016 at:

Steves  
30 The Avenue  
Nedlands WA 6009

Enclosed are the following documents:

- Notice of Meeting and Explanatory Statement;
- Proxy Form for the Annual General Meeting; and
- Electronic Communications Letter

The Annual Report for the year ended 30 June 2016 will be mailed separately for those Shareholders who have requested a printed copy.

If you are unable to attend the Meeting, I encourage you to appoint a proxy, by following the instructions on page 3 of the Notice of Meeting. You may also provide questions or comments in advance of the Meeting, by contacting the Company Secretary, using the details set out on page 28 of the Notice.

#### Important notice – 2016 Annual Report

Shareholders are reminded that the Annual Report is only mailed to those Shareholders who have elected to receive it in hard copy. The 2016 Annual Report can be viewed on the Company's website at <http://www.hazergroup.com.au/investors/announcements/>.

We look forward to seeing you at the Annual General Meeting.

Yours faithfully

Rick Hopkins  
Chairman

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**HAZER GROUP LIMITED**

**ABN 40 144 044 600**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.00am (AWST)

**DATE:** Tuesday, 15 November 2016

**PLACE:** Steves  
30 The Avenue  
Nedlands WA 6009

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, using the contact details on page 26.*

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## YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding and your vote is important.

## VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the place set out on page 4.

## APPOINTING A PROXY

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A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of the Company.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholder's votes that each proxy may exercise, each proxy may exercise half of the Shareholder's votes on a poll. Fractions will be disregarded.

To appoint a proxy online, go to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and click the 'Investor & Employee Login' button. You will need your HIN (holder identification number) or SRN (shareholder reference number) to log in.

Alternatively, you can appoint a proxy by completing and signing the enclosed proxy form and sending the form to:

- (a) by post to Link Market Services Locked Bag A14 SYDNEY SOUTH NSW 1235; or
- (b) by fax to Link Market Services at (+61 2) 9287 0309.

The deadline for receipt of proxy appointments is 10.00am (AWST) on Sunday, 13 November 2016.

**Proxy appointments received later than this time will be invalid.**

## POWER OF ATTORNEY

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If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

## **CORPORATE REPRESENTATIVES**

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If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from Link Market Services by calling (+61) 1300 554 474 or online at

<http://www.linkmarketservices.com.au/corporate/InvestorServices/Forms.html>.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting (**AGM**) of Shareholders of Hazer Group Limited will be held at Steves, 30 The Avenue, Nedlands WA 6009 at 10.00am (AWST) on Tuesday, 15 November 2016. Registration will open at 9.30am (AWST).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

The Directors have determined under Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 10.00am (AWST) on Sunday, 13 November 2016.

### AGENDA

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#### ADOPTION OF ANNUAL REPORT

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2016.

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolution below, which will be proposed as a **Non-Binding Resolution**:

#### RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

*"To adopt the Hazer Group Limited Remuneration Report for the year ended 30 June 2016."*

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolutions below, which will be proposed as **Ordinary Resolutions**:

#### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – RICK HOPKINS

*"That Rick Hopkins be re-elected as a Director of the Company."*

#### RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DANIELLE LEE

*"That Danielle Lee be re-elected as a Director of the Company."*

#### RESOLUTION 4 – RE-ELECTION OF DIRECTOR – ANDREW HARRIS

*"That Andrew Harris be re-elected as a Director of the Company."*

#### RESOLUTION 5 – GRANT OF OPTIONS TO ANDREW HARRIS

*"That approval be given for all purposes, including Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, for the grant of up to 575,000 Options with an exercise price of \$0.55 and expiry date of 30 June 2019 and up to 575,000 Options with an exercise price of \$0.75 and expiry date of 30 June 2020 to Andrew Harris or his nominee, with the performance conditions and other terms and conditions set out in Schedule 1 of the Explanatory Statement accompanying the Notice."*

#### RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 3,345,000 Shares and 300,000 unlisted Options with an exercise price of \$0.30 and expiry date of 31 December 2018 for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice.”*

#### RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 575,000 unlisted Options with an exercise price of \$0.55 and expiry date of 30 June 2019 and 575,000 unlisted Options with an exercise price of \$0.75 and an expiry date of 30 June 2020 for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice.”*

#### RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 100,000 unlisted Options with an exercise price of \$0.75 and expiry date of 30 June 2020 for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice.”*

#### RESOLUTION 9 – APPROVAL OF EMPLOYEE INCENTIVE PLAN

*“That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the employee incentive scheme titled Hazer Group Employee Incentive Plan (“Plan”) and for the issue of Equity Securities under that Plan, on the terms and conditions set out in the Explanatory Statement.*

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolution below, which will be proposed as a **Special Resolution**:

#### RESOLUTION 10 – APPROVAL OF 10% PLACEMENT CAPACITY

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

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DATED: 14 October 2016

BY ORDER OF THE BOARD



HAZER GROUP LIMITED  
EMMA WALDON  
COMPANY SECRETARY

## Voting Exclusion Statement

For the definitions of Key Management Personnel (**KMP**) and Closely Related Parties, please refer to the Glossary on page 30.

The Corporations Act restricts members of the KMP of the Company and their Closely Related Parties from voting in relation to remuneration related Resolutions (such as Resolutions 1, 5 and 9).

In addition, separate voting restrictions apply in respect of Resolutions 6, 7, 8, and 10 under the ASX Listing Rules.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (other than the Chairman of the Meeting) as your proxy, please ensure that you direct them how to vote on Resolutions 1, 5 and 9. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 1, 5 and 9.

If you intend to appoint the Chairman of the Meeting as your proxy, you are encouraged to direct him how to vote by marking the boxes for Resolutions 1, 5 and 9 (for example if you wish to vote for, or against, or to abstain from voting). If you appoint the Chairman as your proxy without directing him how to vote, the proxy form authorises him to vote as he decides on Resolutions 1, 5 and 9 (even though those Resolutions are connected with the remuneration of KMP). The Chairman of the Meeting intends to vote in favour of all Resolutions (where permissible).

The Company will disregard votes cast on Resolutions 1, 5, 6, 7, 8, and 10 by the persons detailed in the table below.

Resolution	Voting exclusions
Resolution 1 – Adoption of Remuneration Report	<p>A vote must not be cast in any capacity by:</p> <ul style="list-style-type: none"><li>- a current or former member of the KMP whose remuneration details are included in the remuneration report for the year ended 30 June 2016, and</li><li>- any Closely Related Parties of such member of the KMP.</li></ul> <p>In addition, no votes may be cast as a proxy by any other person who has become a member of the KMP by the time of the AGM, or their Closely Related Parties.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 1 if:</p> <ul style="list-style-type: none"><li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li><li>- the vote is cast by the Chairman of the Meeting and the proxy form authorises him to vote as he decides on the Resolution (even though it is connected with the remuneration of members of the KMP, including the Chairman).</li></ul>
Resolution 5 - Grant of Options to Andrew Harris, Non-executive Director	<p>A vote must not be cast by:</p> <ul style="list-style-type: none"><li>- Andrew Harris, being the person who is to receive Equity Securities in relation to the Company, and</li><li>- any associates of Andrew Harris.</li></ul>



	<p>In addition, no votes may be cast as a proxy by any member of the KMP or by their Closely Related Parties.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 5 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting and the proxy form authorises him to vote as he decides on the Resolution (even though it is connected with the remuneration of a member of the KMP).</li> </ul>
Resolution 6 – Ratification of Prior Issue of Securities	<p>A vote must not be cast by:</p> <ul style="list-style-type: none"> <li>- the persons that participated in the issue of the Equity Securities that are the subject of the Resolution, and</li> <li>- any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 6 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>
Resolution 7 – Ratification of Prior Issue of Securities	<p>A vote must not be cast by:</p> <ul style="list-style-type: none"> <li>- the persons that participated in the issue of the Equity Securities that are the subject of the Resolution, and</li> <li>- any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 7 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>
Resolution 8 – Ratification of Prior Issue of Securities	<p>A vote must not be cast by:</p> <ul style="list-style-type: none"> <li>- the persons that participated in the issue of the Equity Securities that are the subject of the Resolution, and</li> <li>- any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 8 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>
Resolution 9 – Adoption of Employee Share and Option Plan	<p>The Company will disregard any votes cast on Resolution 9 by any person who is eligible participate in the Employee Share and Option Plan and any associates of those persons.</p>

	<p>In addition, no votes may be cast as a proxy by any member of the KMP or by their Closely Related Parties.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 9 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>
<p>Resolution 10 – Approval of 10% Placement Capacity</p>	<p>The Company will disregard any votes cast on Resolution 10 by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 10 is passed and any associates of those persons.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 10 if:</p> <ul style="list-style-type: none"> <li>- the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>- the vote is cast by the Chairman of the Meeting, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held on Tuesday, 15 November 2016 at 10.00am (AWST).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. ANNUAL REPORT

The business of the Meeting will include receipt and consideration of the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2016, which are included in Hazer's Annual Report.

In accordance with the Corporations Act 2001, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Annual Report, and on the management of Hazer.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the auditor in relation to the conduct of the audit.

#### Written questions for the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report to the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, that is by Tuesday, 8 November 2016.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Annual Report. The Remuneration Report details the Company's remuneration arrangements for the Directors and senior management of the Company.

S250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and not binding on the Company or its Directors.

However, under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report then:

- if comments are made on the Remuneration Report at the Meeting, Hazer's 2017 Remuneration Report will be required to include an explanation of the Board's

- proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at next year's AGM, at least 25% of the votes cast on the resolution for adoption of the 2017 Remuneration Report are against it, Hazer will be required to put to Shareholders a resolution proposing that an Extraordinary General Meeting (**EGM**) be called to consider the election of Directors (**Spill Resolution**). If the Spill Resolution is passed (i.e. more than 50% of the votes cast are in favour of it), all of the Directors (other than the Managing Director) will cease to hold office at the subsequent EGM, unless re-elected at that Meeting.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Remuneration Report.

**Board recommendation:** *The Remuneration Report forms part of the Directors' Report, which was approved in accordance with a unanimous resolution of the Board. Each Director recommends that Shareholders vote in favour of adopting the Remuneration Report.*

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### 3. RE-ELECTION OF DIRECTORS

#### Constitution

Clause 7.2(b) of the Constitution provides that the Directors may at any time appoint a person to be a Director. Clause 7.3(f) of the Constitution requires that any Director appointed under clause 7.2(b) holds office only until the next following annual general meeting, and is then eligible for re-election.

Clause 7.3(a) of the Constitution requires that one third of the Directors (excluding Directors appointed under clause 7.2(b)), or if their number is not a multiple of three, then the whole number nearest one third, must retire at each annual general meeting. It also provides that a Director who retires under clause 7.3(a) is eligible for re-election. Clause 7.3(e) of the Constitution provides that the Managing Director is exempt from this requirement.

#### RESOLUTION 2 – RE-ELECTION OF RICK HOPKINS

Rick Hopkins seeks re-election in accordance with clause 7.3(a) of the Constitution.

#### **Brief Curriculum Vitae of Rick Hopkins**

Non-Executive Director and Chairman

#### **Experience and expertise**

Rick Hopkins joined the Board on 6 August 2010. Rick Hopkins is a Chartered Accountant with over 30 years of experience advising on corporate, taxation and accounting matters. Rick is currently a partner at PKF Lawler, having previously been a Director at Barringtons Chartered Accountants.

He has vast experience advising on project management, corporate and taxation matters for a wide range of corporate clients. His particular expertise extends to corporate and structuring advice, capital raising, tax, and cash flow planning. He has worked on various committees of The Tax Institute and Chartered Accountants Australia and New Zealand.

#### **Qualifications**

Bachelor of Commerce from the University of Western Australia, a Postgraduate Diploma in Business from Curtin University of Technology and a Graduate Diploma in Applied Finance

and Investment from the Financial Services Institute of Australia. Rick is a fellow of Chartered Accountants Australia and New Zealand and a fellow of Financial Services Institute of Australia.

**Current directorships of other listed companies**

Nil

**Former directorships of other listed companies in the last three years**

Nil

**Special responsibilities**

Member of Remuneration and Nomination Committee and Member of the Audit and Risk Committee

**Board recommendation:** *The Directors (with Rick Hopkins abstaining) unanimously recommend the re-election of Rick Hopkins.*

**RESOLUTION 3 – RE-ELECTION OF DANIELLE LEE**

Danielle Lee seeks re-election in accordance with clause 7.3(a) of the Constitution.

**Brief Curriculum Vitae of Danielle Lee**

Non-Executive Director

**Experience and expertise**

Danielle Lee joined the Board on 16 September 2015. Danielle is a corporate lawyer with more than 20 years' experience shared between private law firms and the Australian Securities Exchange (ASX). Danielle is currently special counsel at Jackson McDonald working in the corporate commercial team. Danielle's main practice areas are corporate advisory, governance and equity capital markets. Danielle advises on a range of corporate and commercial transactions including capital raisings, business and share acquisitions, shareholder agreements and joint venture arrangements. Danielle regularly advises on issues relating to the Corporations Act and ASX Listing Rules.

Danielle was previously counsel for Fairweather Corporate Lawyers for approximately 7 years after having worked for approximately 9 years as legal counsel at ASX Sydney and Assistant Manager at ASX Perth.

**Qualifications**

*Bachelor of Economics from the University of Western Australia, Bachelor of Laws from the University of Western Australia (first class honours); Post Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.*

**Current directorships of other listed companies**

Nil

**Former directorships of other listed companies in the last three years**

Nil

**Special responsibilities**

Chair of the Audit and Risk Committee and Member of the Remuneration and Nomination Committee

**Board recommendation:** *The Directors (with Danielle Lee abstaining) unanimously recommend the re-election of Danielle Lee.*

## RESOLUTION 4 – RE-ELECTION OF ANDREW HARRIS

Andrew Harris seeks re-election in accordance with clause 7.3(f) of the Constitution.

### **Brief Curriculum Vitae of Andrew Harris**

Non-Executive Director

#### ***Experience and expertise***

Dr Andrew Harris is highly experienced in renewable energy, sustainability, biomimicry, nanotechnology, process engineering and the hydrogen energy economy. He is the lead Director of the Engineering Excellence Group within Laing O'Rourke's internal engineering and innovation team. Laing O'Rourke is one of the world's largest privately owned engineering and construction companies, with annual revenues of \$8 billion, 15,000 staff and operations in Europe, North America, the Middle East, Asia and Australia. The Engineering Excellence Group was established to be a global centre of excellence, to transform Laing O'Rourke's capabilities through strategic innovation, research and development, and enhanced technical performance.

Dr Harris is also Professor of Chemical and Biomolecular Engineering at the University of Sydney and co-director of the Laboratory for Sustainable Technology, the state of art laboratory where Hazer has established its core development activities for the Hazer Process. Dr Harris was the youngest ever professor of Chemical Engineering appointed at the University of Sydney.

Dr Harris was also previously the Chief Technology Officer of Zenogen Pty Ltd, a Sydney-based hydrogen production technology company, and was a co-founder of Oak Nano, a University of Sydney start-up commercialising novel carbon nanotube technology. Oak Nano designed and built the largest carbon nanotube production facility in the southern hemisphere.

#### **Qualifications**

PhD in engineering from the University of Cambridge and undergraduate degrees in engineering and science from the University of Queensland. A Fellow of the Institution of Chemical Engineers and Engineers Australia and a member of the Australian Institute of Company Directors

#### ***Current directorships of other listed companies***

Nil

#### ***Former directorships of other listed companies in the last three years***

Nil

#### ***Special responsibilities***

Nil

***Board recommendation:*** The Directors (with Andrew Harris abstaining) unanimously recommend the re-election of Andrew Harris.

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## 4. GRANTS OF OPTIONS TO DIRECTOR

### **Background**

It is proposed to issue Options to Andrew Harris, Non-Executive Director.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without first receiving Shareholder approval:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A 'related party' for the purposes of the Corporations Act includes:

- (a) a director of a public company; and
- (b) an entity controlled by a director of a public company.

Accordingly Andrew Harris is a "related party" of the Company.

### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the approval of its shareholder in general meeting, or the financial benefit being provided is on arm's length terms or better.

A "financial benefit" for the purposes of the Corporations Act includes issuing securities to a related party.

### **RESOLUTION 5 – GRANT OF OPTIONS TO ANDREW HARRIS, NON-EXECUTIVE DIRECTOR**

#### **Shareholder approval**

Shareholder approval is sought for the grant of up to 575,000 Options with an exercise price of \$0.55 and expiry date of 30 June 2019 and up to 575,000 Options with an exercise price of \$0.75 and expiry date of 30 June 2020 to Andrew Harris for all purposes, including ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. These Options are proposed to be issued to Andrew Harris as part of his total Director's fees, where the Company seeks to conserve its cash reserves as best possible, whilst retaining the services of highly qualified and experienced personnel.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Options will be issued to Andrew Harris or to his nominee.
- (b) The maximum number of Options that will be issued to Andrew Harris or to his nominee is 1,150,000.
- (c) The Company proposes to issue the Options to Andrew Harris on 18 November 2016, but in any case no later than one month after the date of the Meeting.
- (d) Andrew Harris is a Director of the Company.

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- (e) The Options will be issued for no cash consideration. 575,000 Options will have an exercise price of \$0.55 and an expiry date of 30 June 2019 (Series F Options) and 575,000 Options will have an exercise price of \$0.75 and an expiry date of 30 June 2020 (Series G Options). Other material terms and conditions of the Options are set out at Schedule 1.
  - (f) A voting exclusion applies to this item of business, as set out in the Notice of Meeting.
  - (g) There will be no funds raised by the issue of the Options. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.

For the purposes of Part 2E.1 of the Corporations Act, the additional disclosures in Annexure 1 are made.

**Board recommendation:** *The Directors (with Andrew Harris abstaining) unanimously recommend that Shareholders vote in favour of approving the grant of Options to Andrew Harris.*

*The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options.*

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## 5. RATIFICATION OF PRIOR ISSUE OF SECURITIES

### Background

The Company has made the following issues of Shares and Options under ASX Listing Rule 7.1:

On 18 March 2016, the Company announced that it had issued (i) 3,195,000 Shares in a placement at \$0.28 per share and (ii) 150,000 Shares and 300,000 Series E Options to contractors to the Company for nil consideration.

On 22 July 2016, the Company announced that it had issued 575,000 Series F Options and 575,000 Series G Options to the Chairman of the Science Advisory Committee for nil consideration.

On 1 September 2016, the Company announced that it had issued 100,000 Series G Options to a contractor to the Company for nil consideration

### ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (**15% limit**), unless an exception applies. The Company has not exceeded this 15% limit.

### ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1, and provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1.



## RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

### Shareholder approval

Shareholder approval is now sought for the issue of 3,345,000 Shares and 300,000 unlisted Options with an exercise price of \$0.30 and expiry date of 31 December 2018 as set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders:

- (a) the number of securities issued was 3,345,000 Shares and 300,000 Options.
- (b) 3,195,000 Shares were issued at \$0.28 per share and 150,000 Shares and 300,000 Options were issued for nil consideration.
- (c) the Shares issued rank equally with, and are on the same terms as, the existing Shares on issue. The terms of the Options issued are as follows:

Grant Date	Option Series	No of Options	Exercise Price	Expiry Date
14 Mar 2016	Series E	300,000	\$0.30	31 Dec 2018

The Options vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.

- (d) The basis on which the persons the Shares and Options were issued to were determined was as follows:

Securities Type	No of Securities	Basis of Determining Persons Securities Issued To
Shares	3,195,000	Institutional Investor
Shares	150,000	Contractors to the Company
Total Shares	3,345,000	
Series E Options	300,000	Contractors to the Company

- (e) Funds raised from the issue of 3,195,000 Shares have been and will be used to further the Company's research and development programs and supplement the Company's existing working capital. No funds were raised from the issue of 150,000 Shares or 300,000 Options, the funds raised on the exercise of the Options will be used to supplement the Company's existing working capital.
- (f) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Board recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of ratifying the above issue of Equity Securities. This will enable the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a 12 month period without seeking further Shareholder approval.*

## RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

### Shareholder approval

Shareholder approval is now sought for the issue 575,000 unlisted Options with an exercise price of \$0.55 and expiry date of 30 June 2019 and 575,000 unlisted Options with an exercise price of \$0.75 and expiry date of 30 June 2020 as set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders:

- (g) the number of securities issued was 1,150,000 Options.
- (h) the Options were issued for nil consideration.
- (i) The terms of the Options issued are as follows:

Grant Date	Option Series	No of Options	Exercise Price	Expiry Date
1 Jul 2016	Series F	575,000	\$0.55	30 Jun 2019
1 Jul 2016	Series G	575,000	\$0.75	30 Jun 2020
Total	Total	<u>1,150,000</u>		

The Series F Options vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date. The Series G Options vest 18 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.

- (j) The basis on which the persons the Shares and Options were issued to were determined was as follows:

Securities Type	No of Securities	Basis of Determining Persons Securities Issued To
Series F Options	575,000	Chairman of Science Advisory Committee
Series G Options	575,000	Chairman of Science Advisory Committee
Total Options	<u>1,150,000</u>	

- (k) No funds were raised from the issue of 1,150,000 Options, the funds raised on the exercise of the Options will be used to supplement the Company's existing working capital.
- (l) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Board recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of ratifying the above issue of Equity Securities. This will enable the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a 12 month period without seeking further Shareholder approval.*

## RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

### Shareholder approval

Shareholder approval is now sought for the issue of 100,000 unlisted Options with an exercise price of \$0.75 and expiry date of 30 June 2020 as set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders:

- (m) the number of securities issued was 100,000 Options.
- (n) 10,000 Options were issued for nil consideration.
- (o) The terms of the Options issued are as follows:

Grant Date	Option Series	No of Options	Exercise Price	Expiry Date
1 Sept 2016	Series G	100,000	\$0.75	30 Jun 2020

The Series G Options vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.

- (p) The basis on which the persons the Shares and Options were issued to were determined was as follows:

Securities Type	No of Securities	Basis of Determining Persons Securities Issued To
Series G Options	100,000	Contractor to the Company

- (q) No funds were raised from the issue of 100,000 Options, the funds raised on the exercise of the Options will be used to supplement the Company's existing working capital.
- (r) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Board recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of ratifying the above issue of Equity Securities. This will enable the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a 12 month period without seeking further Shareholder approval.*

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## 6. RESOLUTION 9 – APPROVAL OF EMPLOYEE INCENTIVE PLAN

### Background

On 14 October 2016, the Company announced that it had adopted an employee incentive scheme titled the Hazer Group Employee Incentive Plan (Plan).

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

A summary of the key terms and conditions of the Plan is set out in Schedule 2. A copy of the Plan was released on the ASX on 14 October 2016.

#### **ASX Listing Rule 7.1**

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

#### **ASX Listing Rule 7.2**

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

If Resolution 9 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. Shareholders should note that no Equity Securities have previously been issued under the Plan.

#### **Shareholder approval**

Shareholder approval is sought for the adoption of the Plan in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

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

**Board recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of approving the Hazer Group Employee Incentive Plan.*

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## **8. RESOLUTION 10 – APPROVAL FOR 10% PLACEMENT CAPACITY**

### **10.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities totalling up to 10% of its issued share capital through placements over a 12 month period after the entity's 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 now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact 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 (please refer to Section 10.2(c) below).

The Directors believe that Resolution 10 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## **10.2 ASX 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.

Resolution 10 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 10 for it to be passed.

### **(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.

As at the date of the Notice, the Company has two quoted classes of Equity Securities on issue on the ASX, being the Shares (ASX Code: HZR) and listed Options (ASX Code: HZRO).

### **(c) Formula for calculating 10% Placement Capacity**

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- 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 previous 12 months under an exception in ASX Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rule 7.1 or 7.4. This does not include an issue of Shares under the Company's 15% placement capacity without Shareholder approval; and
  - (D) less the number of Shares cancelled in the previous 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating the Company's 15% placement capacity.

D is 10%.

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

### **10.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 10.

#### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

#### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking after which date, an approval under Listing Rule 7.1A ceases to be valid),

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

#### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 10 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below. The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Issue Price (per Share)	Dilution		
		\$0.30 (50% decrease in current issue price)	\$0.60 (Current issue price)	\$0.90 (50% increase in current issue price)
64,585,516  (Current Variable A)	Shares issued - 10% voting dilution	6,458,552	6,458,552	6,458,552
	Funds raised	\$1,937,565	\$3,875,131	\$5,812,696
96,878,274  (50% increase in Variable A)*	Shares issued - 10% voting dilution	9,687,827	9,687,827	9,687,827
	Funds raised	\$2,906,348	\$5,812,696	\$8,719,045
129,171,032  (100% increase in Variable A)*	Shares issued - 10% voting dilution	12,917,103	12,917,103	12,917,103
	Funds raised	\$3,875,131	\$7,750,262	\$11,625,393

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue, a scrip issued under a takeover offer or the issue of Shares on the exercise of options which complied with ASX Listing Rules when issued) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

**The table above uses the following assumptions:**

1. Variable "A" in the above table is calculated with reference to the total shares on issue as at 6 October 2016.
2. The issue price set out above is the closing price of the Shares on the ASX on 6 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. 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%.
8. 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 Capacity, based on that Shareholder's holding at the date of the Meeting

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may seek to issue the Equity Securities under the 10% Placement Facility in order to fund the Company's research and development programs, fees in relation to the Company's intellectual property rights and patent protection, as well as general working capital. The Company may also issue Equity Securities for non-cash consideration, such as for the acquisition of businesses or investments. If the Company issues Equity Securities for non-cash consideration, the Company will provide a valuation of the non-cash consideration that demonstrates that the deemed issue price of the Equity Securities complies with Listing Rule 7.1A.3. The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities.

**(e) Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new assets or investments.

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A at an Annual General Meeting.

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## ANNEXURE 1 – ADDITIONAL DISCLOSURES REQUIRED BY CHAPTER 2E.1

The following information is provided to comply with sections 219 of the Corporations Act. Neither the Directors nor the Company are aware of any other information that is material to or would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 5 which is not set out in this Notice.

### Nature of Financial Benefit

Using the Black-Scholes option pricing model and on the basis of the assumptions set out below, the Company has determined the value of the financial benefit to be provided to the Directors pursuant to each of Resolutions 5 is as follows:

Resolution	Name	Number of Options	Exercise price	Expiry date	Valuation
5	Andrew Harris	575,000 (Series F)	\$0.55	30 June 2019	\$151,063
5	Andrew Harris	575,000 (Series G)	\$0.75	30 June 2020	\$157,481

The Black-Scholes option pricing model inputs for the calculation of the valuations include:

- (i) *Issue Price*: Options are to be granted for no cash consideration.
- (ii) *Grant Date*: The Company granted the Options on 1 July 2016 subject to receiving Shareholder approval. The Company proposes to issue the Options on 18 November 2016 providing that Resolution 5 has been approved by Shareholders, but in any case, no later than one month after the date of passage of the Resolution.
- (iii) *Vesting Conditions*: The Series F Options vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date. The Series G Options vest 18 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.
- (iv) *Share price at valuation date*: \$0.45 being the VWAP for the 5 trading days ending on the grant date 1 July 2016.
- (v) *Expected Price Volatility*: 100%.
- (vi) *Expected Dividend Yield*: nil.
- (vii) *Risk-Free Interest Rate*: 1.63%. The risk-free rate is based on the applicable Australian government bond yields.
- (viii) *Discount*: 0%

### Director's Recommendation

As noted in Resolution 5, the Directors who are not beneficiaries in the Resolution unanimously recommend that Shareholders vote in favour of approving the grant of Options.

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the ADS Options or Options.

The Director who is a beneficiary of the proposed Option issue has abstained from recommending the Resolution as a result of their material personal interest in the outcome.

#### Directors Interest

The Director being granted Options in Resolutions 5 has a personal interest in the outcome of that Resolution.

#### Other information reasonably required by Shareholders to make a decision that is known to the Company or any of its Directors

#### Dilution

The table below sets out the dilutionary effect that, subject to obtaining the necessary Shareholder approvals, will occur as a result of the issue of the Options proposed to be issued under Resolution 5

Security Holder	Fully Diluted Holding in Company before passing Resolution 5	Fully Diluted Holding in Company after passing Resolution 5
Rick Hopkins	2.03%	2.01%
Bryant McLarty	7.43%	7.36%
Danielle Lee	0.84%	0.83%
Andrew Harris	0.00%	1.01%
Geoff Pocock	10.83%	10.72%
All Other Shareholders	78.87%	78.07%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>

After the passing of Resolution 5 and the subsequent issue of the Options, the Directors' direct and indirect interests in Shares and Options will be as outlined below:

Security Holder	PRIOR TO PASSING RESOLUTION 5				AFTER PASSING RESOLUTION 5			
	Ordinary Shares	Listed Options	Unisted Options	Total holding (prior to passing Resolution 5)	Ordinary Shares	Listed Options	Unisted Options	Total holding (after passing Resolution 5)
Rick Hopkins	800,010	200,003	1,300,000	2,300,013	800,010	200,003	1,300,000	2,300,013
Bryant McLarty	2,312,469	545,995	5,550,000	8,408,464	2,312,469	545,995	5,550,000	8,408,464
Danielle Lee	-	-	950,000	950,000	-	-	950,000	950,000
Andrew Harris	-	-	-	-	-	-	1,150,000	1,150,000
Geoff Pocock	4,200,000	1,050,000	7,000,000	12,250,000	4,200,000	1,050,000	7,000,000	12,250,000
All Other Shareholders	57,261,905	13,211,934	18,750,000	89,223,839	57,261,905	13,211,934	18,750,000	89,223,839
<b>TOTAL</b>	<b>64,574,384</b>	<b>15,007,932</b>	<b>33,550,000</b>	<b>113,132,316</b>	<b>64,574,384</b>	<b>15,007,932</b>	<b>34,700,000</b>	<b>114,282,316</b>

#### Remuneration

As outlined in the Remuneration Report in the 2016 Annual Report, the Directors have resolved that the Non-Executive Directors will receive the following Director's fees (exclusive of superannuation where applicable).

Non-Executive Director	Director's Fees
Rick Hopkins	\$35,000
Bryant McLarty	\$25,000
Danielle Lee	\$25,000
Andrew Harris	\$25,000

As outlined in the Remuneration Report in the 2016 Annual Report, Geoff Pocock the Chief Executive Office receives an annual base salary \$240,000 per annum plus statutory superannuation

The remuneration of the Directors for the year ending 30 June 2016 (for clarity, this is before the issue of the proposed Options referred to above), is outlined below:

	Cash salary and fees	Super- annuation	Share-based payments	Total
	\$	\$	\$	\$
<i>Non-Executive Directors:</i>				
Rick Hopkins*	29,167	2,771	21,375	53,313
Bryant McLarty**^	4,167	396	13,979	18,542
Danielle Lee*	20,833	1,979	15,594	38,406
Andrew Harris***	2,083	198	-	2,281
<i>Executive Directors:</i>				
Geoff Pocock****	140,000	13,300	69,894	223,194
<b>Total</b>	<b>196,250</b>	<b>18,644</b>	<b>120,842</b>	<b>335,736</b>

\* Represents remuneration from 1 September 2015 to 30 June 2016

\*\* Represents remuneration from 1 May 2015 to 30 June 2016

\*\*\* Represents remuneration from 1 June 2015 to 30 June 2016

\*\*\*\* Represents remuneration from 1 December 2015 to 30 June 2016

^ The share based payments above are only those made in capacity as Director. They do not include amounts for other services paid. Related party payments have been disclosed in Note 16 of the 2016 Annual Report.

#### Historic Share Price Information

The highest and lowest closing market prices for the Company's Shares for the twelve months prior to 6 October 2016 is as follows based on closing:

	Share Price	Date
Highest	\$0.795	18 April 2016
Lowest	\$0.22	25 January 2016
Last	\$0.60	6 October 2016

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**6. ENQUIRIES**

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in these documents.

Emma Waldon  
Company Secretary  
Hazer Group Limited  
Suite 7, 29 The Avenue  
Nedlands WA 6009  
Australia

Tel: +61 8 9389 7050

Email: [ewaldon@hazergroup.com.au](mailto:ewaldon@hazergroup.com.au)

## SCHEDULE 1 – OPTIONS TERMS AND CONDITIONS

The Options that are the subject of Resolutions 5, will be issued on the following terms and conditions

1. Each Option entitles the holder to one Share (fully paid ordinary share).
2. The exercise price of the Series F Options is 55 cents and the exercise price of the Series G Options is 75 cents.
3. The Series F Options vest 6 months after the holder's appointment, provided that the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date. The Series G Options vest 18 months after the holder's appointment, provided that the Option holder (or nominee) has continued to be engaged as an employee, contractor, consultant or Board member of the Company prior to the vesting date.
4. Subject to the vesting hurdle being met, the Series F Options are exercisable at any time prior to 5.00 pm WST on 30 June 2019 and the the Series G Options are exercisable at any time prior to 5.00 pm WST on 30 June 2020 ("**Expiry Date**").
5. The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
6. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
7. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

## SCHEDULE 2 – HAZER GROUP EMPLOYEE INCENTIVE SCHEME SUMMARY OF TERMS AND CONDITIONS

A summary of the terms and conditions of the Hazer Group Employee Incentive Plan (Plan) that is the subject of Resolutions 9, is as follows:

1. The purpose of the Plan is to provide an incentive for the Eligible Participants to participate in the future growth of the Company and to offer Specified Securities to assist with reward, retention, motivation and recruitment of Eligible Participants.
2. Eligible Participant means a person who is (a) a full or part-time employee of a Group Company (including an executive director), (b) a non-executive director of a Group Company, (c) a Contractor, (d) a Casual Employee, or (e) a Prospective Participant, or a Nominee of such a person.
3. Specified Security means an Option or Performance Right offered under the Plan.
4. The Board may from time to time and in its absolute discretion determine that an Eligible Participant may participate in the Plan and the extent of that participation.
5. Subject to the Corporations Act and the Listing Rules, the Board may at such times as it determines, issue invitations (in such form as the Board decides from time to time) to Eligible Participants, or any one or more of them, inviting Applications for a grant or issue of Specified Securities and specifying an acceptance period.
6. The Board may in its absolute discretion impose Performance Criteria that must be satisfied before a Holder is permitted to exercise an Option or before a Performance Right is converted at the election of the Holder.
7. Subject to any restrictions in the Corporations Act or the Listing Rules, the Exercise Price and Expiry Date of the Options will be determined by the Board in its discretion.
8. An invitation or offer of Specified Securities may only be made under the Plan if the number of Shares that have been or may be acquired or issued on exercise of the Options or conversion of the Performance Rights when aggregated with:
  - a. the number of Shares which would be issued if each outstanding offer with respect to Options or Performance Rights, being an offer made during the previous 3 years pursuant to the Plan or any other employee incentive scheme was to be accepted or exercised or converted; and
  - b. the number of Shares issued during the previous 3 years pursuant to the Plan or any other employee incentive scheme,but disregarding any offer made, or Option or Performance Right acquired or issued, by way of or as a result of:
  - a. an offer to a person situated outside of Australia at the time of receipt of the offer;
  - b. an offer did not require disclosure to investors because of section 708 of the Corporations Act; or
  - c. an offer made under a disclosure document (within the meaning of the Corporations Act), does not exceed 5% of the total number of issued Shares of the Company as at the time of the invitation or offer.

9. If at any time before the exercise of an Option or conversion of a Performance Right, a Holder or the representative of a Holder (where the Holder is a Nominee) ceases to be an Eligible Participant, all Options or Performance Rights held by the Eligible Participant will automatically lapse unless the Board otherwise determines within 30 days of the Holder or the relevant representative ceasing to be an Eligible Participant.
10. If a Holder or the representative of a Holder (where the Holder is a Nominee) ceases to be an Eligible Participant at any time before the exercise of an Option or conversion of a Performance Right, the Holder (or the relevant representative) may, subject to these Rules, during the period of 30 days after the date on which the Holder (or the relevant representative) ceases to be an Eligible Participant, exercise any Option or convert any Performance Right which the Holder (or the relevant representative) would have otherwise been entitled to exercise. Any Options or Performance Rights held by the Holder (or the relevant representative) which are unexercised or unconverted at the expiry of such 30 day period will automatically lapse.
11. Subject to the Listing Rules, Options or Performance Rights issued under the Plan are not transferable except with the prior written approval of the Board.
12. In respect of all Options and Performance Rights issued under this Plan and, where relevant, Shares issued upon the exercise of Options or the conversion of Performance Rights, the Holder acknowledges that it may agree to a Restriction Period during which the Holder will undertake and agree not to do any of the following (a) dispose of, or agree to offer to dispose of, the relevant securities; (b) create, or agree or offer to create, any security interest in the relevant securities; or (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the relevant securities.

## GLOSSARY

**Annual General Meeting, AGM or Meeting** means the meeting convened by the Notice.

**ASX** means ASX Limited (ABN 98 008 624 691).

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

**AWST** means Australian Western Standard Time, Perth, Western Australia.

**Board** means the board of Directors of the Company as constituted from time to time.

**Business Day** has the meaning given to that term in ASX Listing Rule 19.12.

**Closely Related Parties**, in relation to a member of KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with Hazer, and any company the member controls.

**Company or Hazer** means Hazer Group Limited (ABN 40 144 600).

**Constitution** means the Constitution of the Company.

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

**Directors** mean the directors of the Company.

**Documents** means each of the Notice, Explanatory Statement and the Proxy Form and all other documents that accompany each other when sent to each Shareholder.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel or KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of Hazer, whether directly or indirectly. Members of the KMP include Directors and certain senior executives.

**Notice** means the notice of Meeting that accompanies and forms part of the Documents.

**Option** means an option, if exercised in accordance with its terms, to acquire one Share in the Company.

**Ordinary Resolution** means a resolution passed by more than 50 per cent of the votes at a general meeting of Shareholders.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.



**Share Registry** means Link Market Services.

**Trading Day** has the meaning given to that term in ASX Listing Rule 19.12.

**VWAP** means the volume weighted average price of trading in Shares on the ASX market and the Chi-X market over a specified period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.

### **Interpretation**

In these Documents, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) headings are included for convenience only and do not affect interpretation;
- (f) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (j) a reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (k) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.



## HAZER GROUP LIMITED

ACN 144 044 600

### LODGE YOUR VOTE

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

 **BY MAIL**  
Hazer Group 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

### 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 above by **10:00am (AWST) on Sunday, 13 November 2016**, 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, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

### HOW TO COMPLETE THIS SHAREHOLDER PROXY 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.**

#### 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 shareholder 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 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 Proxy Form and the second Proxy 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 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 share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**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.**

NAME SURNAME  
 ADDRESS LINE 1  
 ADDRESS LINE 2  
 ADDRESS LINE 3  
 ADDRESS LINE 4  
 ADDRESS LINE 5  
 ADDRESS LINE 6



X9999999999

## PROXY FORM

I/We being a member(s) of Hazer Group 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

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 (AWST) on Tuesday, 15 November 2016 at Steves, 30 The Avenue, Nedlands WA 6009 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 5 and 9:** 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, 5 and 9, 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.**

### 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

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – Rick Hopkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Director – Danielle Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Re-Election of Director – Andrew Harris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Grant of Options to Andrew Harris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* 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 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).

HZR PRX1601D



For personal use only

STEP 1

STEP 2

STEP 3