

This Appendix contains a summary of the Constitution of the Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

Set out below is a summary of certain provisions of the Constitution of the Company and of certain aspects of the Australia Corporations Act.

GENERAL

The Company was incorporated in Victoria, Australia with limited liability on 18 November 2004 under the Australia Corporations Act. The Company was listed on the ASX on 28 June 2012.

The rights attaching to shares in the Company are detailed in the Constitution, the Australia Corporations Act, the ASX Listing Rules and general law. Set out below is a summary of some material provisions of the Constitution concerning the Company's share capital. A copy of the Constitution is available on the Company's website.

SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date is 1,256,071,756 Shares. The Shares have no nominal or par value (such concept does not exist under Australian law) and are recorded in the accounts of the Company at their issue price.

The Company does not have an authorised share capital, as such term is understood in Hong Kong, that sets the limit to the number of shares a company can issue. There is generally no limit in the Australia Corporations Act on the power of the Directors to issue shares. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes):

- Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing shares or options representing more than 15% of its issued capital in any rolling twelve month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority; and
- Chapter 6 of the Australia Corporations Act forbids the acquisition of a "relevant interest" in voting shares in the Company (whether by transfer or issue) if, as a result, the "voting power" of the acquirer (or any other person) would increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

There is no similar statutory requirement under Australian law, as is found under Hong Kong law, providing that Shareholders have a right to be offered any Shares in the Company which are being newly issued for cash before the same can be offered to new Shareholders. Consequently, there is no requirement for Shareholders in general meetings to provide a waiver to this obligation.

Subject to the ASX Listing Rules, the Company, in accordance with the Australia Corporations Act, may by ordinary resolution:

- consolidate and divide all or any of its Shares into shares of larger amount than its existing Shares; and
- sub-divide all or any of its shares into Shares of smaller amount.

Subject to the Australia Corporations Act, the Company may reduce its share capital in any way.

Subject to the Australia Corporations Act and the ASX Listing Rules, the Company may buy back its own shares on such terms and at such times as may be determined by the Directors from time to time. Subject to the Australia Corporations Act, the Company may give financial assistance to any person for the purchase of its own shares on such terms and at such times as may be determined by the Directors from time to time.

The Directors are not required to hold any Shares in the Company.

Save as disclosed in this prospectus:

- no Share of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- no Share of the Company is subject to an option granted or created by the Company or is agreed conditionally or unconditionally to be put under an option granted or created by the Company;
- no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share capital of the Company;
- no founder, management or deferred shares have been issued by the Company; and
- no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

SUMMARY OF KEY AUSTRALIAN CORPORATE LAWS

The Constitution of the Company, was adopted by a special resolution dated 30 May 2014. The following is a summary of some key issues arising from the Australia Corporations Act, the ASX Listing Rules and the Constitution.

Objects

The Company does not have an objects clause in its constitution because an Australian company, unlike companies incorporated under the laws of Hong Kong, is not required to have an objects clause. Pursuant to section 124 of the Australia Corporations Act, the Company has the legal capacity and powers of an individual and all powers of a body corporate.

Voting rights

Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative of a body corporate. On a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote and on a poll every person present who is a Shareholder or proxy, attorney or representative of a Shareholder shall in respect of each fully paid share held by him have one vote per share but in respect of partly paid shares shall have such number of votes being equivalent to the proportion paid up on those shares.

Dividends

Section 254T of the Australia Corporations Act restricts the Company from paying a dividend unless (1) the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; (2) the payment of the dividend is fair and reasonable to the Company's shareholders as a whole; and (3) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Subject to the Australia Corporations Act, the ongoing cash needs of the business, the statutory and common law duties of the Directors and the Shareholders' rights under Article 7.10 of the Constitution, the Directors may pay interim and/or final dividends not less than 40% of net profit after tax (pre-Abnormal Items) in each financial year. However, if the directors determine that it is necessary in order to prudently manage the company's financial position, they must pay as interim and/or final dividends not less than 25% of net profit after tax (pre-Abnormal Items) in any given financial year. According to Article 7.10(b)(5) of the Constitution, the majority of Shareholders must approve the payment of a dividend (including the amount and date of payment).

The Directors may rescind a decision to pay a dividend if they decide, before the payment date, that the Company's financial position no longer justifies the payment.

The Directors, when paying or declaring a dividend, may direct payment of the dividend from any available source permitted by law, including wholly or partly by distribution of specific assets, including fully-paid shares in the Company and any other corporation.

The Directors may determine the method of payment of any dividend or other amount in respect of a share. Different methods of payment may apply to different Shareholders.

All dividends declared but unclaimed for at least 11 calendar months may be invested by the Directors as they think fit for the benefit of the Company until claimed. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(2) of Appendix 3 of the Listing Rules which requires that where there is a power to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend, subject to the Directors agreeing that it would not exercise any of the rights under the provision of Rule 4.(o) of the Constitution until at least six years after the date of the declaration.

Under Australian law, a company is able to pay dividends out of current year profits even though it has accumulated losses, and there is no restriction in the Constitution that would prevent current year profits from being paid out as dividends in this way. Accordingly, the Company's accumulated losses do not prevent it from being able to pay dividends, provided that current year profits are not used to offset prior period losses and the Company is otherwise able to satisfy the other legal requirements of paying a dividend under Australian law.

Distribution of assets on a winding-up

On winding up, the liquidators of the Company may divide by sanction of special resolution among the Shareholders in kind the whole or any part of the property of the Company and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders according to their rights and interests in the Company.

Transfer of shares

The transfer document of any shares must be in writing in any usual form or in any other form which the Directors may approve or in such form as is required under the ASX Settlement Operating Rules. As set out in the Constitution, the Directors may refuse to register a transfer of Shares in accordance with the Australia Corporations Act and the ASX Listing Rules.

Variation of rights

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

The rights conferred on the holders of the shares of any class are deemed not to be varied by the creation or issue of further shares ranking equally with the first-mentioned shares.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

Article 7.10(b)(14) of the Constitution requires that a majority of shareholders approve any borrowing by the Company which is (1) more than the value of 20% of the net assets of the consolidated group; or (2) causes the company to have a gearing (net debt/total assets) above 60%.

Issue of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Australia Corporations Act and the ASX Listing Rules, shares are under the control of the Directors who may issue all or any of the same to such persons at such times and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, as the Directors think fit.

Pre-emptive rights on new issues of shares

Under the Australia Corporations Act, Shareholders do not have the right to be offered any Shares which are newly issued for cash before those Shares can be offered to non-Shareholders.

Non marketable Parcels

In certain circumstances the Company may sell unmarketable parcels of shares held by Shareholders (i.e. those that have a value of less than A\$500) ("**Non marketable Parcels**"). This is consistent with, and subject to, the ASX Listing Rules and the Australia Corporations Act.

The Constitution provides that the power of the Company to sell Non marketable Parcels may be invoked only once in any 12 month period.

The Company cannot require a Shareholder to sell a Non marketable Parcel. All Shareholders holding a Non marketable Parcel will be given an opportunity to request that it retain its Non marketable Parcel. The ASX Listing Rules also contain a number of safeguards that protect the holders of Non marketable Parcels including:

- the Company may only seek to sell any Non marketable Parcels once in any 12 month period;
- the Company must notify the relevant Shareholder of its intention to sell the Non marketable Parcel;
- the Shareholder must be given at least a six week notice period from the date that the notice is sent in which to tell the Company that it wishes to retain its Non marketable Parcel, and if the Shareholder does so inform the Company, the Non marketable Parcel will not be sold;
- the sale of the Non marketable Parcel must stop following the announcement of any takeover bid for the Company but may be started again after the close of offers made under the takeover bid;
- only the Unmarketable Parcels held by Shareholders who do not respond in writing to the Company during the notice period or who expressly state that they want their Unmarketable Parcel sold, may be sold by the Company; and
- the Company must pay the costs of the sale.

Remuneration of Directors

Each Director is entitled to such remuneration from the Company for their service as approved by Shareholders. The total amount provided to all Directors for their services as directors must not exceed the aggregate in any financial year the amount fixed by the Company.

As at the Latest Practicable Date, the aggregate remuneration cap for all non-executive Directors is A\$3,500,000 per annum. Consistent with the Constitution, the remuneration payable to each non-executive Director has been approved by the company's majority Shareholder Yanzhou.

If a Director, with the concurrence of the Directors, performs extra services or makes any special exertions for the benefit of the Company, that Director may be paid out of the funds of the company such special and additional remuneration as the Directors decide is appropriate having regard to the value to the Company of the extra services or special exertions. However, the remuneration of a Director (who is not an executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Indemnity

To the extent permitted by the Australia Corporations Act, the Company must indemnify every person who is or has been an Director, alternate director or senior executive officer of the Company and to such any other officer or former officer of the Company or of its related bodies corporate that the Directors in each case determine (each, an "Officer"). The Company must indemnify each Officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as a director or an officer of the Company.

Pensions and benefits for former Directors

The Directors may at any time after a Director dies or ceases to hold office as a Director for any other reason, pay or provide to the Director or a legal personal representative, spouse, relative or dependant of the Director, a pension or benefit for past services rendered by that director.

Directors' interests in contracts

Article 8.5(h) of the Constitution provides that a director who has an interest in a matter that is being considered at a meeting of directors may, despite that interest, vote, be present and be counted in a quorum at the meeting, unless that is prohibited by the Australia Corporations Act. No act, transaction, agreement, instrument, resolution or other thing is invalid or voidable only because a director fails to comply with that prohibition. The Australia Corporations Act prescribes the circumstances where a director who has a material personal interest may be present at a board meeting and may vote on the relevant resolution. These exceptions are generally similar to the exceptions permitted by the Stock Exchange in Note 1 to Appendix 3 of the Listing Rules.

A Director is not disqualified from contracting or entering into an arrangement with the Company as vendor, purchaser or in another capacity, merely because the Director holds office as a director or because of the fiduciary obligations arising from that office.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 4(1) of Appendix 3 to the Listing Rules which provides that subject to the exceptions specified in the articles of association as the Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting, on the basis that the exceptions set out in the Australia Corporations Act are generally similar to those set out in Note 1 to Appendix 3 of the Listing Rules.

Restrictions on Directors' voting

A Director who has a material personal interest in a matter that is being considered at a meeting of Directors will only be excluded or prohibited from voting on the matter, being counted in a quorum for the purposes of the meeting or being present while the matter is being considered, if the Director is so prohibited or excluded under the Australia Corporations Act. The ASX Listing Rules also contain restrictions on Directors voting in certain circumstances.

Number of Directors

The number of directors must be such number not less than four and not more than eleven unless the Company resolves otherwise in a general meeting. All Directors shall be natural persons. At least two Directors must be persons who ordinarily reside within Australia.

A director is not required to hold any shares in the Company.

Directors' appointment and retirement by rotation

No Director may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected. The Directors to retire at any annual general meeting must be those who have been longest in office since their last election, but, as between persons who became directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

General meetings

In accordance with the Australia Corporations Act, the Company must hold an annual general meeting at least once every calendar year, and within the period of 5 months after the end of the financial year, at such time and place as determined by the Directors.

A general meeting of the Company may also be convened by:

- the Directors, at any time they think fit; and
- Shareholder(s) holding at least 5% of the total votes (the Shareholder(s) must pay the expenses of calling and holding the meeting, except where the Shareholder(s) request the Directors to convene the meeting in accordance with the next paragraph).
- The Directors must also convene a general meeting on the request of Shareholder(s) entitled to at least 5% of the total voting rights of all Shareholders.

If the Directors do not convene a general meeting within 21 days of being requisitioned to do so, the Shareholder(s) representing more than 50% of the votes of all the Shareholders who requested the meeting may convene a meeting. The meeting must then be held within three months of the request being given to the Company. The Company must repay the requisitioning Shareholders any reasonable expenses incurred by them by reason of the failure of the Directors to convene a meeting. The Company may recover the amount of expenses from the Directors.

At least 28 days' notice must be given to the Shareholders of a general meeting.

In accordance with the Australia Corporations Act, while the Company has a financial year ending 31 December, the annual general meeting of the Company will be held by the end of May of each year.

Election of directors

Article 8.1(i) of the Constitution provides that notices of intention to propose a person for election as a director (and the candidate's consent to be elected) may be lodged with the Company at least 35 business days (as defined in ASX Listing Rules) but no earlier than 90 business days before a general meeting at which the candidate seeks election.

Written notice of each annual general meeting will be given to all of the Company's shareholders (including those who are Hong Kong residents) at least 28 days prior to the annual general meeting. The notice of meeting will contain particulars of the proposed election of directors, including details of each candidate that has been nominated for election.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraphs 4(4) and 4(5) of Appendix 3 of the Listing Rules which set out the minimum length of the period during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, on the basis that the Company has complied with the requirement of ASX Listing Rule 14.3 and the effect of the existing provision provides adequate protection to Shareholders.

Appointment of certain positions

The Constitution provides that a shareholder or shareholders holding a majority of the issued voting shares of the Company (the "**Majority Shareholders**") may by writing to the Company (1) nominate a Director to the office of Chairperson of the Directors and (2) elect one or more Directors to the office of Vice Chairperson of Directors.

The Vice Chairperson will be appointed by the Board to be the Chair of the Executive Committee.

Disclosure of shareholding

The Australia Corporations Act requires that a Shareholder with a voting power of 5% or more of the Shares must give a prescribed notice to the Company and ASX of the fact, and that Shareholder must continue to give a prescribed notice if there is a movement of at least 1% in their holding (up or down).

Classes of shares

A company may have only one class of ordinary shares unless the ASX approves the terms of an additional class. The Company has only one class of ordinary shares.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraphs 10(1) and (2) of Appendix 3 of the Listing Rules to provide in the Constitution that where the share capital includes shares which do not carry voting rights or carry different voting rights, the words “non-voting” or “restricted voting” or “limited voting” must appear in the designation of such shares, on the basis that if the Company were to issue any such shares, it would include such words on the relevant share certificates.

Reductions of capital

An ordinary resolution of Shareholders is required for an equal reduction of capital. A reduction of capital is an equal reduction of capital if:

- it relates only to ordinary shares;
- it applies to each holder of ordinary shares in proportion to the number of ordinary shares he/she holds; and
- the terms of the reduction are the same for each holder of ordinary shares.

Any other reduction of capital is a selective reduction. A selective reduction must be approved by either:

- A special resolution of Shareholders (excluding the votes of any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced); or
- A resolution passed by all ordinary Shareholders.

Redeemable shares

The Company may issue preference shares in accordance with the Australia Corporations Act and the Constitution. A company may only redeem redeemable preference shares on the terms on which they were issued. A company may only redeem redeemable preference shares if the shares are fully paid-up and out of profits or the proceeds of a new issue of shares made for the purpose of redemption.

The Company does not currently have any preference shares on issue.

Share repurchases

Share repurchases must be authorised by the Company in a general meeting or by a special resolution, subject to limited exceptions. An exception applies where the proposed repurchase would not exceed 10% of the smallest number, at any time during the previous 12 months, of voting shares in the Company.

Financial assistance

Financial assistance for the acquisition of a company's own shares is generally prohibited, except with shareholder approval by special resolution (excluding the votes of any person acquiring the shares) or approval by all ordinary shareholders, or where an exception applies. The principal exception is where the assistance does not materially prejudice:

- the interests of the company or its shareholders; or
- the company's ability to pay its creditors.

Statutory derivative actions

A Shareholder or an officer (or a former Shareholder or officer) of the Company may bring proceedings on behalf of the Company where leave is granted by the Court. The Court must grant leave if it is satisfied that:

- it is probable that the Company will not itself bring the proceedings;
- the applicant is acting in good faith;
- it is in the best interests of the Company that the applicant be granted leave;
- there is a serious question to be tried; and
- at least 14 days written notice has been given to the Company of the intention to apply for leave (or it is appropriate to grant leave despite the notice requirement not being satisfied).

Protection of minorities

A Shareholder may apply for a court order where the conduct of the Company's affairs is, among other things, oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a Shareholder or Shareholders. The orders that may be sought include winding up, amendment to the Constitution, orders regulating the conduct of the Company's affairs, orders for the purchase of shares, orders that the Company institute, defend or discontinue specified proceedings, and other similar orders.

Disposal of assets

The Australia Corporations Act contains no specific restrictions on the powers of directors to dispose of the assets of a company. However, in the exercise of those powers, the Directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of the company as required under the director duties in Chapter 2D of the Australia Corporations Act and fiduciary obligations under general law in Australia.

The Company cannot give a financial benefit to a related party of the Company without Shareholder approval, unless one of the exceptions specified in Part 2E of the Australia Corporations Act applies. A related party includes a director or a person or entity related to a director.

Under ASX Listing Rule 11.1, if the Company proposes to make a significant change to the nature or scale of its activities, the Company must comply with the requirements of the ASX, which are likely to include Shareholder approval, and may require the Company to re-comply with the requirements for admission to the official list of the ASX.

Under ASX Listing Rule 10.1, the Company cannot acquire a “substantial asset” from, or dispose of a “substantial asset” including to, a director or an entity holding 10% or more of the Company’s issued voting securities (or their respective associates) without shareholder approval. For this purpose, a “substantial asset” is an asset valued at 5% or more of the equity interests of the Company.

Accounting and auditing requirements

An Australian public company that is listed on the ASX, such as the Company, must prepare half yearly and annual financial statements which must be audited. The annual financial statements and the auditors’ report must also be laid before the annual general meeting of Shareholders.

Financial and other reports

Under the Australia Corporations Act, the Company must send to its shareholders the financial report for the year, the directors’ report and the auditors’ report or (if the shareholder elects) a concise report for the year by the earlier of 21 days before the next annual general meeting after the end of the financial year or 4 months after the end of the financial year.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 5 of Appendix 3 of the Listing Rules which provides that the articles of association should contain provisions relating to the sending of financial and other reports to shareholders, on the basis that the provision of such reports is governed by the Australia Corporations Act.

Register of members

The Company must keep a register of its members in an up-to-date index form which sets out the member’s name, address and date on which their name was entered into the register.

Inspection of books and records

A Shareholder who is not a Director or company secretary does not have the right to inspect any of the Company’s papers, books, records or documents, except as provided by law, the Constitution, or as authorised by the Directors or the Majority Shareholders.

On application by a Shareholder, an Australian court may make an order:

- authorising the applicant to inspect books of the Company; or
- authorising another person to inspect books of the Company on the applicant’s behalf.

Special resolutions

The Australia Corporations Act provides that a resolution is a special resolution when it has been passed by a majority of not less than 75% of the votes cast by members entitled to vote on the resolution.

Subsidiary owning shares in parent

The Australia Corporations Act does not permit a company to hold shares in its parent company.

Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by:

- a majority in number of the members present and voting; and
- 75% of the votes cast on the resolution.

The transaction must also be approved by order of an Australia court.

Winding Up

A company may be wound up either by an order of the court or by a special resolution of its members.

TAKEOVER REGULATION

The takeover provisions in Chapter 6 of the Australia Corporations Act apply to dealings in the Shares. These provisions apply to listed companies and unlisted companies with more than 50 members. This is a summary of a complex area of law and the Company recommends that all Shareholders take their own advice on their compliance with this law.

The Australia Corporations Act forbids the acquisition of a “relevant interest” (described below) in the voting shares in a company incorporated in Australia if, as a result, the “voting power” of the acquirer (or any other person) would increase from 20% or below to more than 20%. Similarly, such an acquisition is forbidden if any person who already has more than 20%, but less than 90%, of the voting power increases their voting power in the target company. However, it is not mandatory for a person who already exceeds these thresholds to make a takeover bid for all Shares. This restriction is referred to as the “**Takeovers Threshold**”.

In this context, a person’s “voting power” means the aggregate percentage of the Company’s shares that the person and their “associates” hold a “relevant interest” in.

What is a “relevant interest”?

The concept of a “relevant interest” under the Australia Corporations Act is concerned with a person’s capacity to exercise a degree of influence over securities and the concept extends more broadly than direct ownership. A person will have a “relevant interest” in voting shares of a company where they are the registered holder of shares, have the power to exercise (or control the exercise of) the voting rights of shares, or have the power to dispose of (or control over disposal of) shares. Any person who acquires Shares in the Global Offering will get a relevant interest in those Shares.

Importantly, a person can also be deemed to have a “relevant interest” in voting shares through control of other entities. A person will be deemed to have a relevant interest in any securities held by a body corporate in which the person’s voting power is above 20%. In the Company’s case, this means that Yanzhou is deemed to hold a relevant interest in any securities in which Yancoal holds a relevant interest.

What is an “associate”?

A person (“**Person A**”) will be an associate of a second person (“**Person B**”) in one of three situations:

- **(Control Test)** Person A is a body corporate and Person B is:
 - a body corporate that is “controlled” by Person A; or
 - a body corporate that “controls” Person A; or
 - a body corporate that is “controlled” by an entity that “controls” Person A;

The concept of “control” means one entity’s capacity to determine the outcome of decisions about a second entity’s financial and operating policies.

- **(Relevant Agreement Test)** Person A and Person B have a “relevant agreement” for the purpose of controlling or influencing the composition of the Company’s Board or the conduct of the Company business affairs; or
- **(Acting in Concert Test)** Person A and Person B are acting in concert in relation to the Company’s business affairs.

It is important to bear in mind that in calculating a person’s voting power, the relevant interest that they hold must be aggregated with the relevant interest held by their associates. Accordingly, if, as a result of an acquisition of Shares by Person B, Person A would experience an increase in their voting power that breached the Takeovers Threshold, that acquisition cannot happen, other than under an exception to the Takeovers Threshold.

Are there any exceptions to the Takeovers Threshold?

There are several exceptions which allow acquisitions which would otherwise be prohibited from taking place. These exceptions include acquisitions:

- under a formal takeover offer in which all Shareholders can participate;
- that result from an issue of securities under a “rights issue”;
- with the approval of the Shareholders given at a general meeting of the Company; and
- in 3% increments every six months (provided that the acquirer has had voting power of at least 19% in the target company for at least six months).

A person who has made a takeover bid where at the end of the offer period that person (and its associates) have a relevant interest in 90% of the issued shares and acquired 75% (by number) of shares held by other shareholders, may compulsorily acquire any remaining shares it does not hold at the same price offered under the bid, within one month after the end of the offer period. Even if a takeover bid has not been made, a person who otherwise lawfully acquires a relevant interest in 90% of the issued shares is able to acquire the remaining shares for fair value (confirmed by an independent expert), within six months after the person first acquires an interest in 90% of the issued shares.

There have not been any public takeover bids in respect of the Shares during the current or previous financial year.

OTHER APPLICABLE OWNERSHIP RESTRICTIONS IN THE SHARES

Under the Australian *Foreign Acquisition and Takeovers Act 1975* (Cth), subject to certain exemptions, a non-Australian foreign person or entity cannot acquire a substantial interest in 20% or more, or two or more foreign entities or persons cannot acquire an aggregate substantial interest in 40% or more, of the Company’s issued shares, without first obtaining approval from the Foreign Investment Review Board.

SUBSTANTIAL HOLDING DISCLOSURE OBLIGATIONS

Under the Australia Corporations Act, where any person has acquired a voting power of 5% or more (a “**substantial shareholding**”), it is required to disclose this interest to the target company and to the ASX. Notice must also be given of any increase or decrease in voting power of 1% or more above or below 5% or if the holder ceases to have a substantial shareholding.

Substantial holding notices must be given within 2 business days after the substantial shareholding is acquired, ceases or changes. A substantial holding notice must attach to it a copy of all relevant agreements giving rise to the substantial holding and will be publicly available on the ASX’s website.

Australia has a minimum disclosure threshold of a 1% movement and requires disclosure within 2 business days of the change in shareholding. Shareholders will be required to disclose the relevant interests they hold, as well as the interests they are deemed to hold through their associates and interests in bodies corporate.

The relevant substantial shareholding disclosure forms can be found on ASIC's website at <https://asic.gov.au/regulatory-resources/forms.aspx>, but are not lodged with ASIC. Rather, a copy must be provided to the Company, with another copy sent to the ASX for release on the public ASX market announcements platform. The ASX market announcements office is open from 7.00am to 7.30pm (and 8.30pm during daylight savings time) Sydney time. During this time, a substantial shareholding disclosure form can be lodged via ASX Online [<https://www.asxonline.com/login/>] (if the substantial shareholder or its professional adviser has access to this portal) or via fax.

The fax numbers for this facility are:

For announcements sent within Australia	1300 135 638
For announcements sent from New Zealand	0800 449 707
For announcements not sent from Australia or New Zealand	+61 2 9347 0005
	+61 2 9778 0999

If a substantial shareholder fails to lodge the relevant notice within the prescribed time, they will have civil liability to any person who suffers loss or damage because of the contravention. Criminal fines and penalties may also apply.

SHAREHOLDER PROTECTIONS

The Company was incorporated in Australia and is subject to the Australia Corporations Act and other applicable laws and regulations in Australia. Set out below is a discussion on the key shareholder protection standards offered under the Constitution and the Australian laws and regulations that we consider material to the Company's Shareholders and potential investors and as required under the Joint Policy Statement.

Matters requiring a super-majority vote

Paragraph 36 of Joint Policy Statement requires the following matters to be approved by a super-majority vote of the shareholders:

- changes to the rights attached to any class of shares of an overseas company (vote by members of that class);
- material changes to an overseas company's constitutive documents, however framed; and
- voluntary winding up of an overseas company.

Under the Australia Corporations Act and the Constitution, a "special resolution" of members is required to approve:

- variation to the rights attached to any class of shares;
- any amendment to, or replacement of, the Constitution; and
- where the Company is being wound up by the court or voluntarily.

Paragraphs 37 and 38 of the Joint Policy Statement requires a super-majority vote to mean at least a two-third majority where an overseas company has a low quorum requirement. When an overseas company's threshold for deciding the matters in the paragraph headed "Matter requiring a super-majority vote" above is a simple majority only, these matters must be decided by a significantly higher quorum.

Under section 9 of the Australia Corporations Act, a "special resolution" means a resolution of which notice has been given in accordance with certain prescribed rules and that has been passed by at least 75% of the votes cast by members entitled to vote on that resolution.

Variation of rights

Article 2.5(a) of the Constitution provides that a special resolution or the written consent of 75% of those in a class is required to approve a variation of rights of that class of shares. Article 2.5(b) of the Constitution provides that the provisions of the Constitution relating to general meetings apply, with necessary changes, to separate class meetings as if they were general meetings. Article 7.4(b) of the Constitution provides that a quorum is 5 or more members present at the meeting and entitled to vote on a resolution at the meeting.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 6(2) of Appendix 3 of the Listing Rules which provides that the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class, on the basis that there is no requirement under the Australia Corporations Act or the ASX Listing Rules for a quorum for separate class meetings and the effect of Article 2.5(b) already provides adequate protection to holders of any separate class of shares.

Changes to the Constitution

Section 136(2) of the Australia Corporations Act and Article 7.10 of the Constitution provides that a special resolution of Shareholders is required for any variation to, or replacement of, the Constitution.

Winding-up

A special resolution of Shareholders is required to approve (i) winding-up by the court under section 461(1)(a) of the Australia Corporations Act or (ii) voluntary winding-up under section 491(1) of the Australia Corporations Act.

In addition, if the Company is wound up, Article 12.2 of the Constitution provides that the liquidator may (with the sanction of a special resolution of Shareholders):

- divide among the members the whole or any part of the Company's property; and
- decide how the division is to be carried out as between the members or different class of members.

Individual members to approve increase in members' liability

Paragraph 39 of the Joint Policy Statement requires that there should not be any alteration in an overseas company's constitutional document to increase an existing member's liability to the company unless such increase is agreed by such member in writing.

Under section 140(2)(b) of the Australia Corporations Act, unless a member of the Company agrees in writing to be bound, that member will not be bound by any alteration of the Constitution made after the date on which they became a member, if and to the extent that alteration increases the member's liability to contribute to the share capital of, or otherwise to pay money to, the Company.

Appointment of auditors

Paragraph 40 of the Joint Policy Statement requires that the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two tier board structure.

Appointment

In Australia, the directors of a public company must appoint an auditor within 1 month after the company's registration, and section 327B(1) of the Australia Corporations Act provides that a public company must approve the appointment of an auditor at its first annual general meeting and must appoint an auditor to fill any vacancy in the office of auditor at each subsequent annual general meeting. Appointments are made by way of a resolution passed by a simple majority of members.

Article 7.10(b)(11) of the Constitution requires that members holding a majority of the issued shares of the Company approve the appointment or removal of the auditor.

Removal

Section 329(1) of the Australia Corporations Act provides that an auditor of the company may be removed by simple majority resolution of the members of a company at a general meeting, provided notice of intention to move the resolution is given to the company at least two months before the meeting.

Article 7.10(b)(11) of the Constitution requires that members holding a majority of the issued shares of the Company approve the appointment or removal of the auditor.

Remuneration

Section 250R(1) of the Australia Corporations Act provides that the business of an annual general meeting may include the consideration of the annual financial report, directors' report and auditor's report, the election of directors, the appointment of the auditor, and the fixing of the auditor's remuneration.

Article 7.10(b)(11) of the Constitution requires that members holding a majority of the issued shares of the Company approve the annual remuneration paid to the auditor for services provided in relation to the annual audit of the company (not including any amounts paid to the auditor for special or additional services provided by the auditor to the company as determined by the directors of the company). Under Article 8.7(p) of the Constitution, the directors have the power to determine the remuneration of the Company's auditor for temporary work outside the scope of the annual audit.

Proceedings at general meetings***Annual general meetings***

Paragraph 41 of the Joint Policy Statement requires that an overseas company is required to hold a general meeting each year as its annual general meeting. Generally, not more than 15 months should elapse between the date of one annual general meeting of the overseas company and the next.

Section 250N of the Australia Corporations Act provides that the Company must hold an annual general meeting at least once in each calendar year and within five months after the end of its financial year.

Notice of general meetings

Paragraph 42 of the Joint Policy Statement requires that an overseas company must give its members reasonable written notice of its general meetings.

Section 249H(1) of the Australia Corporations Act provides that the Company must give at least 28 days' notice of a meeting of members.

Rights to speak and vote at the general meetings

Paragraph 43 of the Joint Policy Statement requires that all members must have the right to speak and vote at a general meeting, except in cases where a member is required by the Listing Rules to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interest in the transaction or arrangement).

Article 7.8 of the Constitution sets out the rights of Shareholders to vote at a general meeting of the Company.

Section 250S of the Australia Corporations Act also provides that the chair at an annual general meeting must allow reasonable opportunity for the Shareholders as a whole at the meeting to ask questions about or make comments on the management of the Company.

Rights to convene extraordinary general meeting and add resolutions

Paragraph 44 of the Joint Policy Statement requires that members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%.

Under section 249D of the Australia Corporations Act, Shareholders with at least 5% of the votes that may be cast at a general meeting have the right to require the Directors to call a general meeting or may convene a general meeting themselves at their own expense under section 249F of the Australia Corporations Act.

Under section 249N of the Australia Corporations Act, Shareholders representing at least 5% of the total votes that may be cast on the resolution or at least 100 Shareholders who are entitled to vote at a general meeting may require resolutions to be put before a general meeting.

Proxies or corporate representatives

Paragraph 45 of the Joint Policy Statement requires that a recognised Hong Kong clearing house must be entitled to appoint proxies or corporate representatives to attend general meetings and creditors meetings. These proxies/corporate representatives should enjoy statutory rights comparable to those of other shareholders, including the right to speak and vote.

Paragraph 46 further provides that where the laws of an overseas jurisdiction prohibit a recognised clearing house from appointing proxies/corporate representatives, the overseas company must make the necessary arrangements with HKSCC Nominees to ensure that Hong Kong investors holding shares through HKSCC Nominees enjoy the rights to vote, attend (personally or by proxy) and speak at general meetings.

The Australia Corporations Act does not contain any provision to the effect that a recognised clearing house would be prohibited from appointing proxies or corporate representatives. Article 7.9(g) of the Constitution provides that a proxy, attorney or representative appointed by a Shareholder has the same rights to speak, demand a poll, join in demanding a poll or acting generally as the Shareholder would have had if the Shareholder was present.

Article 2.6(d) of the Constitution provides that, except where persons are jointly entitled to a share because of a transmission event (as defined in the Constitution), such as death or dissolution of the shareholder, or where required by the ASX Listing Rules or the ASX Settlement Operating Rules, the Company may, but is not required to, register more than 3 persons as joint holders of the share. Paragraph 1(3) of Appendix 3 of the Listing Rules requires that if there is any limit to the number of shareholders in a joint account, such limit must not prevent the registration of a maximum of four persons.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 11(2) of Appendix 3 of the Listing Rules, which provides that a corporation may execute a form of proxy under the hand of a duly authorised officer, for Australian-incorporated companies on the basis that the relevant requirements regarding the execution of proxy forms by Australian-incorporated companies are governed by the Australia Corporations Act.

GENERAL

Gilbert + Tobin, the Company's legal counsel on Australian law, has sent to the Company a letter of advice summarising certain aspects of Australian company law. This letter is available for inspection as referred to in "*Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection*". Any person wishing to have a detailed summary of Australian company law or advice on the differences between it and the laws of any other jurisdiction is recommended to seek independent legal advice.