

31 October 2012

The Manager  
Company Announcement Office  
Australian Securities Exchange

By Electronic Lodgement

Dear Sir

**NOTICE OF ANNUAL GENERAL MEETING**

Please find attached the Notice of Annual General Meeting which has been dispatched to shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Darren Crawte', written over a faint, illegible stamp.

**Darren Crawte**  
Company Secretary

For personal use only

SOLCO LTD

ABN 27 084 656 691

12 Brennan Way, Belmont WA 6104, P.O. Box 37, Welshpool DC, WA 6986

Office: 61-8-9334 8100 Free call 1800 454 161 Fax: 61-8-9334 8199 Web:

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SOLCO LIMITED

ACN 084 656 691

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT AND

PROXY FORM

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**TIME:** 3.00 pm (WST)

**DATE:** 29 November 2012

**PLACE:** City West Receptions  
"The Sutherland Room"  
45 Plaistowe Mews  
West Perth, Western Australia

*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 on (+61 8) 9463 2463.*

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**CONTENTS PAGE**

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|   |    |
|---|----|
| Notice of Annual General Meeting              | 3  |
| Explanatory Statement                         | 6  |
| Glossary                                      | 16 |
| Annexure A – Tax Exempt Employee Share Scheme | 17 |
| Proxy Form                                    | 31 |

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (WST) on 29 November 2012 at:

City West Receptions  
“The Sutherland Room”  
45 Plaistowe Mews  
West Perth, Western Australia

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Solco Limited, 12 Brennan Way, Belmont, WA 6104; or
- (b) facsimile to the Company on facsimile number +61 8 9334 8199.

so that it is received not later than 3.00pm (WST) on 27 November 2012.

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 3.00pm (WST) on 29 November 2012 at City West Receptions, "The Sutherland Room" 45 Plaistowe Mews, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 27 November 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### 1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the Directors and the auditor for the financial year ended 30 June 2012.

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

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report in the 2012 Annual Report of the Company for the financial year ended 30 June 2012 be adopted."*

**Short Explanation:** The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting Prohibition Statement:** A vote on this resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above (the **Voter**) may cast a vote on the resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the proposed resolution; or
  - (d) the Voter is the Chair of the meeting and the appointment of the Chair as proxy:
    - (i) does not specify the way the proxy is to vote on the resolution; and
    - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
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3. **RESOLUTION 2 – RE-ELECTION OF MR IAN CAMPBELL AS A DIRECTOR**

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

*“That Mr Ian Campbell, being a Director of the Company who retires by rotation in accordance with clause 8.1 (e) (ii) of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company”.*

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4. **RESOLUTION 3 – RE-ELECTION OF MR CRAIG VIVIAN AS A DIRECTOR**

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

*“That Mr Craig Vivian, a Director of the Company, who retires in accordance with clause 8.1(e) of the Company’s constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company”.*

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5. **RESOLUTION 4 – APPROVAL OF THE TAX EXEMPT EMPLOYEE SHARE SCHEME**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to the issue of Shares under the Solco Tax Exempt Employee Share Scheme (TEESS) as detailed in the Explanatory Notes accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors and employees of the Company (except those who are ineligible to participate in the Scheme), and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 5 – APPROVAL FOR THE PROPOSED PLACEMENT OF UP TO 60,000,000 SHARES FOR CASH CONSIDERATION**

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

*“That, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue and allotment by the Company to sophisticated or professional or overseas investors or other subscribers to whom the shares can be issued without a disclosure document of up to 60,000,000 Shares in the Company for cash consideration at an issue price not less than 80% of the average market price (as defined in the ASX Listing Rules) for the Company’s Shares calculated, for each issue of Shares which is made, over the last 5 days on which sales in Shares were recorded before the day on which the issue is made.”*

**Short Explanation:** Subject to specified exceptions, a company must not issue more than 15% of the number of securities in the same class on issue at the commencement of that 12 month period, without the approval of shareholders. Please refer to the Explanatory Statement for details.

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who may obtain a benefit and any associates of those persons, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 6 – APPROVAL FOR THE PROPOSED PLACEMENT OF UP TO 60,000,000 SHARES FOR NON-CASH CONSIDERATION**

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

*"That, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue and allotment by the Company to sophisticated or professional or overseas investors or other subscribers to whom the shares can be issued without a disclosure document of up to 60,000,000 Shares in the Company for other than cash consideration at an issue price not less than 80% of the average market price (as defined in the ASX Listing Rules) for the Company's Shares calculated, for each issue of Shares which is made, over the last 5 days on which sales in Shares were recorded before the day on which the issue is made, subject to the total number of Shares issued under Resolution 5 and Resolution 6 not exceeding a combined maximum total of 60,000,000 Shares "*

**Short Explanation:** Subject to specified exceptions, a company must not issue more than 15% of the number of securities in the same class on issue at the commencement of that 12 month period, without the approval of shareholders. Please refer to the Explanatory Statement for details.

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who may obtain a benefit and any associates of those persons, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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8. **RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY**

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit (or any associates of such a person), except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

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Dated: 31 October 2012

By order of the Board



Darren Crawte  
Company Secretary

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 3.00pm (WST) on 29 November 2012 at City West Receptions, "The Sutherland Room", 45 Plaistowe Mews, West Perth, Western Australia.

The 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

Section 317 of the Corporations Act requires the financial report and the reports of the directors and of the auditors, to be put before the Annual General Meeting and the Constitution provides for those reports to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports. However, Shareholders will be given a reasonable opportunity to raise questions on the reports at the Annual General Meeting.

The Company's 2012 Annual Report is available at [www.solco.com.au](http://www.solco.com.au). Those holders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

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

The Remuneration Report for the financial year ended 30 June 2012 is in the Directors Report section of the Company's 2012 Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives named in the Remuneration Report for the financial year ended 30 June 2012.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chair of the meeting will give Shareholders a reasonable opportunity at the Meeting to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast on a remuneration report resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to the vote at the second of those annual general meetings a resolution (spill resolution) proposing that a further general meeting (the spill meeting) of members of the Company be held within 90 days. At that spill meeting, all the Directors who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director, cease to hold office immediately before the end of the spill meeting but may stand for re-election.

A spill resolution will not be required at this Meeting as the votes against the Remuneration Report at the Company's previous annual general meeting were less than 25%.

### **Undirected proxies**

If the Chair of the meeting is your nominated proxy, or may be appointed by default, and you have not specified the way the Chair of the meeting is to vote on Resolution 1, by signing and returning the Proxy Form you expressly authorise the Chair to exercise the proxy even though Resolution 1 is connected, directly or indirectly, with the remuneration of Key Management Personnel, which includes the Chair. The Chair intends to exercise all undirected proxies that he is entitled to vote in favour of Resolution 1.

Any undirected proxies held by any other Key Management Personnel or any of their Closely Related Parties will not be voted on this resolution. Key Management Personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2012. Their Closely Related Parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

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### **3. RESOLUTION 2 – RE-ELECTION OF MR IAN CAMPBELL AS A DIRECTOR**

In accordance with clause 8.1 of the Company's constitution, a Director must retire from office at the third Annual General Meeting after the Director was elected or re-elected. An election of directors must be held at each Annual General Meeting. Mr Campbell retires from office in accordance with this requirement and being eligible offers himself for re-election by shareholders as a director of the Company, with effect from the end of the meeting.

Mr Campbell is tertiary-educated, including studies in accounting, business law, valuation and management. Prior to his distinguished Parliamentary career he was a commercial and industrial property executive with national and international realty firms.

In 1990 Mr Campbell entered Federal politics as a WA Senator, holding high level Cabinet and other offices including Parliamentary Secretary to the Treasurer, Parliamentary Secretary to the Minister for Communications and Information Technology, Minister for Environment and Heritage, Minister for Human Services and Minister for Local Government, Territories and Roads.

His international experience includes attending the World Bank of Governors and IMF Annual Meetings in 2002/2003 and leading international delegations on climate change at UN Conventions, G8 plus 5 summits and Asia Pacific conferences.

Mr Campbell has worked at the highest levels with international and national political and business leaders, and holds a number of non-executive directorships with other ASX listed entities.

Your Directors have reviewed the necessary competencies of the Board members and each candidate's contribution to the Board and, with Mr Campbell abstaining, unanimously recommends that Shareholders vote in favour of the re-election of Mr Campbell.

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### **4. RESOLUTION 3 – RE-ELECTION OF MR CRAIG VIVIAN AS A DIRECTOR**

Mr Vivian was appointed as a Director by the Board on 22 October 2012 in accordance with clause 8.1(d) of the Company's constitution as an addition to the current Board of Directors.

Such an appointee must not hold office, without re-election, beyond the next general meeting of the Company. Accordingly, Mr Vivian retires from office in accordance with clause 8.1(e) of the Company's constitution and, being eligible, offers himself for election as a Director of the Company.



Mr Vivian is a Chartered Accountant with over 25 years' experience in the accounting and banking industries. He is currently an executive director of Nimble Asset Management Limited, a Canadian based company focused on building a portfolio of United States single family homes. Prior to his role with Nimble, Mr Vivian held a partnership role at Ord Nexia, a medium sized accounting practice before establishing his own boutique accounting practice in 2009, specialising in advising clients on business acquisitions, structuring, tax planning and cash flow analysis.

Mr Vivian has held no directorships in publically listed companies in the past three years.

Your Directors have reviewed the necessary competencies of the Board members and each candidate's contribution to the Board and, with Mr Vivian abstaining, unanimously recommends that Shareholders vote in favour of the re-election of Mr Vivian.

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**5. RESOLUTION 4 – APPROVAL OF THE TAX EXEMPT EMPLOYEE SHARE SCHEME (TEESS)**

Listing Rule 7.1 provides that a Company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of the 12 month period.

An exception to Listing Rule 7.1 is set out in Listing Rule 7.2 (Exception 9) which provides that issues under an Employee Incentive Plan are exempt for a period of 3 years from the date on which Shareholders approve the issues of securities under the Plan as an exception to Listing Rule 7.1. The TEESS is an Employee Incentive Plan for these purposes.

Resolution 4 seeks Shareholder approval for the Company to issue Shares under the Tax Exempt Employee Share Scheme ("TEESS") as an exception to Listing Rule 7.1 in accordance with Listing Rule 7.2 (Exception 9).

The purpose of the TEESS is to recognise the ability and efforts of eligible Directors and employees of the Company who have contributed to the success of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company, its Board and its employees.

At this time, no specific issues of Shares to Directors are contemplated under the TEESS. Should any future issues of Shares to Directors be contemplated under the TEESS, those specific issues will require Shareholder approval under Listing Rule 10.14.

**Technical Information Required by Listing Rule 7.2 (Exception 9)**

Pursuant to and in accordance with Listing Rule 7.2 (Exception 9), the following information is provided in relation to this resolution:

- (a) no Shares have previously been issued under the TEESS; and
- (b) a copy of the TEESS is set out in Annexure A to these Explanatory Notes and will also be available for inspection at the Meeting venue during the Meeting.

Since the Directors have a theoretical interest in the outcome of this resolution, the Board declines to make a recommendation with respect to this resolution.

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**6. RESOLUTIONS 5 & 6 – APPROVAL FOR THE PROPOSED PLACEMENT OF UP TO A COMBINED TOTAL OF 60,000,000 SHARES**

**6.1 General**

Resolution 5 and Resolution 6 seek Shareholder approval for the purpose of ASX Listing Rule 7.1 and for all other purposes to authorise the Directors to issue or cause the issue of up to a maximum combined total of 60,000,000 Shares at an issue price of not less than 80% of the average market price (as defined in the ASX Listing Rules) for the Company's Shares calculated over the last 5 days on which sales of such Shares were recorded before the day on which the issue is made.

The Directors are of the view that the Company should actively seek out opportunities for acquisition of synergistic businesses operating in the renewable energy sector and wish to be in a position, in a fast moving marketplace, to fund appropriate acquisitions (including by way of issue of shares in the Company in consideration of such acquisitions). The Company also wants to be in a position to issue such Shares should it require funds to strengthen its working capital position.

**Resolution 5** specifically seeks approval by Shareholders for the Company to issue such Shares, to a maximum of 60,000,000 Shares, for cash consideration.

**Resolution 6** specifically seeks approval by Shareholder for the Company to issue such Shares, to a maximum of 60,000,000 Shares, for other than cash consideration, subject to the combined total of Shares issued under Resolution 5 and Resolution 6 not exceeding a combined maximum total of 60,000,000 Shares.

**6.2 Listing Rule 7.1**

Listing Rule 7.1 prohibits a company from issuing or agreeing to issue equity securities in any 12 month period which amounts to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

Equity securities issued with the approval of holders of a company's ordinary securities in accordance with Listing Rule 7.1 are not then required to be included in the 15% limit imposed by Listing Rule 7.1.

The Company therefore seeks approval, pursuant to Listing Rule 7.1, to issue up to a combined maximum total of 60,000,000 Shares under Resolution 5 and Resolution 6.

**6.3 Information required by ASX Listing Rule 7.3**

The following information is provided in accordance with Listing Rule 7.3 to allow Shareholders to assess the issue and allotment of the Shares under Resolution 5 and Resolution 6:-

- (a) The maximum number of Shares to be issued under each of Resolution 5 and Resolution 6 is 60,000,000 Shares, subject to the combined maximum total number of Shares issued under Resolution 5 and Resolution 6 not exceeding 60,000,000 Shares.
- (b) The Shares the subject of Resolution 5 and Resolution 6 will be issued within three months of the date of this Annual General Meeting or such longer period as permitted by ASX.
- (c) The issue price for the Shares will be not less than 80% of the average market price (as defined in the ASX Listing Rules) for the Company's Shares calculated over the last 5 days on which sales of such Shares were recorded on ASX, before the day on which the issue is made.
- (d) The names of the allottees of the Shares are not known at this time. The Shares will be issued to sophisticated or professional or overseas investors or other subscribers to whom the shares can be issued without a disclosure document. No Related Parties will be allottees.

(e) The Shares will be issued on the same terms as the existing issued Shares in the Company and application will be made for their quotation on ASX.

(f) The capital raised will primarily be used:

under Resolution 5,

to either fund by cash or part fund by cash any planned or proposed business or corporate acquisition(s) in the renewable energy sector by the Company or to strengthen the Company's working capital position, or a combination of these purposes.

under Resolution 6,

to fund by equity or part fund by equity any planned or proposed business or corporate acquisition(s) in the renewable energy sector by the Company and/or to satisfy the consideration for business or corporate acquisition(s) by the Company.

Valuations of any such acquisition(s) that might be identified or negotiated is not known at the date of this Notice and will only be agreed between the Company and any vendor(s) of such a business(es) at the appropriate time. Accordingly the Company is not in a position to provide any details of such valuations.

Notwithstanding the above, attention is drawn to the Company's on-going obligations under Listing Rules 11.1.2 and the takeover provisions noted in Chapter 6 of the Corporations Act 2001 which will require separate approval from Shareholders should any acquisition(s) the subject of Resolution 5 and/or Resolution 6 result in a significant change, either directly or indirectly, to the nature or scale of the Company's activities or if such an acquisition(s) results in any of the takeover provisions being activated (shareholdings in excess of 20 percent).

(g) The Company anticipates allotting these Shares progressively throughout the three month period referred to in paragraph (b) above.

#### 6.4 Directors' recommendation

To enable the Company to fund the expenses referred to above, all the Directors are of the view that the proposed placements under Resolution 5 and/or Resolution 6 is in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5 and Resolution 6.

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## 7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

### 7.1 General

Listing Rule 7.1A, which came into effect on 1 August 2012, enables an eligible entity to seek approval of shareholders by special resolution passed at an annual general meeting to have the additional capacity to issue Equity Securities up to 10% of its issued share capital through placements over the 12 month period following the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) 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 (refer to Section 7.2(c) below).

The Company may use the 10% Placement Facility to fund business or corporate acquisitions in the renewable energy sector by the Company and/or to satisfy the consideration for business or corporate acquisitions by the Company. Funds raised may also be used to strengthen the Company's working capital position.

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## 7.2 Description of Listing Rule 7.1A

### (a) Shareholder approval

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

### (b) Equity Securities

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

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

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

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

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

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

- (a) plus the number of fully paid shares issued in the previous 12 months under an exception in 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 fully paid shares issued in the previous 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (d) less the number of fully paid shares cancelled in the previous 12 months.

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

**D** is 10%

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

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

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

At the date of this Notice, the Company has on issue 199,613,638 Shares and therefore has a capacity to issue:

- (i) 29,942,045 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 7, 19,961,363 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) **Minimum Issue Price**

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

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

(f) **10% Placement Period**

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

### **7.3 Listing Rule 7.1A**

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **7.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of unlisted Options, only if the unlisted Options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities under the 10% Placement Facility.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and using the current number of ordinary securities on issue as at the date of this Notice to calculate the current variable "A" in accordance with the formula in Listing Rule 7.1A(2).

The table also shows:

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

| Variable 'A' in Listing Rule 7.1A.2                              |                            | Dilution                                  |                        |   |
|--|----------------------------|---|------------------------|---|
|  |                            | \$0.015<br>50% decrease in<br>Issue Price | \$0.030<br>Issue Price | \$0.045<br>50% increase in<br>Issue Price |
| <b>Current Variable A</b><br>199,613,638 Shares                  | <b>10% Voting Dilution</b> | 19,961,363<br>Shares                      | 19,961,363<br>Shares   | 19,961,363<br>Shares                      |
|  | <b>Funds raised</b>        | \$299,420                                 | \$598,841              | \$898,261                                 |
| <b>50% increase in current Variable A</b><br>299,420,457 Shares  | <b>10% Voting Dilution</b> | 29,942,045<br>Shares                      | 29,942,045<br>Shares   | 29,942,045<br>Shares                      |
|  | <b>Funds raised</b>        | \$449,131                                 | \$898,261              | \$1,347,392                               |
| <b>100% increase in current Variable A</b><br>399,227,276 Shares | <b>10% Voting Dilution</b> | 39,922,727<br>Shares                      | 39,922,727<br>Shares   | 39,922,727<br>Shares                      |
|  | <b>Funds raised</b>        | \$598,841                                 | \$1,197,682            | \$1,796,523                               |

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities under the 10% Placement Facility.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, hence the reason for the voting dilution shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.030, being the closing price of the Shares on ASX on 22 October 2012.
  - (viii) The current Shares on issue are the Shares on issue as at 22 October 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) as cash consideration in which case the Company intends to use funds raised for
    - (A) funding synergistic business or corporate acquisitions in the renewable energy sector by the Company (including expenses associated with such acquisitions) and/or
    - (B) strengthening the Company's working capital position.
  - (ii) as non-cash consideration to fund business or corporate acquisitions in the renewable energy sector by the Company and/or to satisfy the consideration for business or corporate acquisitions by the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose for which the issue is made;
  - (ii) the methods of raising funds that are available to the Company at the time, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company proceed with acquiring new business or corporate acquisitions it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting.

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#### ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9463 2463 if they have any queries in respect of the matters set out in these documents.



## GLOSSARY

**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 7.1.

**10% Placement Period** has the meaning given in Section 7.2(f).

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

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

**ASX** means ASX Limited.

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

**Board** means the current board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** has the meaning given to it in section 9 of the Corporations Act.

**Company** means Solco Limited (ACN 084 656 691).

**Constitution** means the Company's constitution.

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

**Directors** means the current Directors of the Company.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

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

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the explanatory statement.

**Option** means an option over a Share in the Company.

**Proposed Placement** means the proposed placement of up to 60,000,000 Shares at an issue price not less than 80% of the average market price (as defined in the ASX Listing Rules) for the Company's Shares calculated over the last 5 days on which sales of such Shares were recorded on ASX, before the day on which the issue is made.

**Related Party** has the meaning set out in section 228 of the Corporations Act and includes a Director of the Company, his or her spouse, and a person who was a Director of the Company at any time within the previous 6 months.

**Resolutions** means the resolutions set out in the Notice of Meeting, 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.

**Trading day** has the meaning set out in the Listing Rules.

**VWAP** means the volume weighted average price for securities in that class.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**APPENDIX A**  
**Tax Exempt Employee Share Scheme**

The Quadrant  
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Western Australia 6000  
GPO Box F338, Perth  
Western Australia 6841  
Tel +61 8 9288 6000  
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**Solco Limited**  
**Tax Exempt Employee Share Scheme**  
**Rules of Scheme**

## Table of contents

|   |           |
|---|-----------|
| <b>BACKGROUND</b> .....                             | <b>20</b> |
| <b>OPERATIVE PROVISIONS</b> .....                   | <b>20</b> |
| <b>1 DEFINITIONS AND INTERPRETATION</b> .....       | <b>20</b> |
| Definitions .....                                   | 20        |
| Interpretation.....                                 | 22        |
| <b>2 PARTICULARS OF SCHEME</b> .....                | <b>22</b> |
| Name of the Scheme.....                             | 22        |
| Commencement of Scheme.....                         | 22        |
| Operation of the Scheme .....                       | 22        |
| <b>3 OVERRIDING RESTRICTIONS</b> .....              | <b>22</b> |
| Requirements under ITAA 1997.....                   | 22        |
| Compliance with applicable laws .....               | 23        |
| <b>4 LIMITATION ON THE SIZE OF THE SCHEME</b> ..... | <b>23</b> |
| <b>5 ISSUE OF INVITATION</b> .....                  | <b>23</b> |
| Invitation to participate .....                     | 23        |
| Purchase Price.....                                 | 24        |
| <b>6 ACCEPTANCE OF INVITATION</b> .....             | <b>24</b> |
| <b>7 ACQUISITION OF SHARES</b> .....                | <b>24</b> |
| Number of Shares acquired .....                     | 24        |
| Method of acquisition.....                          | 24        |
| Payment of Purchase Price .....                     | 25        |
| Registration of Scheme Shares.....                  | 25        |
| Transaction costs.....                              | 25        |
| <b>8 RESTRICTIONS ON DEALINGS WITH SHARES</b> ..... | <b>25</b> |
| Holding Lock on Shares .....                        | 25        |
| Participant acknowledgement of restriction .....    | 25        |
| Enforcement of Holding Lock.....                    | 25        |
| Release of Holding Lock .....                       | 25        |
| Quotation of released Shares .....                  | 26        |
| <b>9 RIGHTS AND RANKING OF SCHEME SHARES</b> .....  | <b>26</b> |
| Rights of Scheme Shares .....                       | 26        |
| Pari Passu Ranking .....                            | 26        |
| <b>10 EFFECT OF CAPITAL RECONSTRUCTION</b> .....    | <b>26</b> |
| Effect of reconstruction .....                      | 26        |
| Notice of adjustment .....                          | 26        |
| Terms of Shares.....                                | 26        |
| Compliance with Listing Rules.....                  | 27        |

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|           |  |           |
|-----------|--|-----------|
| <b>11</b> | <b>ADMINISTRATION OF THE SCHEME .....</b>            | <b>27</b> |
|           | Scheme to be administered by Board .....             | 27        |
|           | Decisions final and binding .....                    | 27        |
|           | No fiduciary relationship .....                      | 27        |
|           | Status of Employees and Group Companies .....        | 27        |
| <b>12</b> | <b>AMENDMENTS TO THE SCHEME OR THESE RULES.....</b>  | <b>27</b> |
|           | Board may amend .....                                | 27        |
|           | Restrictions on amendment.....                       | 28        |
|           | Retrospective application .....                      | 28        |
|           | Notice of amendment .....                            | 28        |
| <b>13</b> | <b>TERMINATION OR SUSPENSION OF THE SCHEME.....</b>  | <b>28</b> |
|           | Board may terminate or suspend .....                 | 28        |
|           | Notice of termination or suspension .....            | 28        |
| <b>14</b> | <b>NO ADDITIONAL EMPLOYMENT RIGHTS CREATED .....</b> | <b>28</b> |
| <b>15</b> | <b>SEVERABILITY .....</b>                            | <b>29</b> |
| <b>16</b> | <b>ASIC RELIEF .....</b>                             | <b>29</b> |
| <b>17</b> | <b>SERVICE OF NOTICES .....</b>                      | <b>29</b> |
| <b>18</b> | <b>GOVERNING LAW AND JURISDICTION.....</b>           | <b>29</b> |

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## Background

- A Solco Limited wishes to establish the Solco Tax Exempt Employee Share Scheme.
- B This document sets out rules governing the operation and administration of the Scheme.

## Operative provisions

### 1. Definitions and interpretation

#### Definitions

1.1 In the construction of these Rules, unless the contrary intention appears:

**Applicant** means an Eligible Employee who has accepted an Invitation and has given a Participation Form in accordance with Rule 6.1.

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

**Associated Body Corporate** means:

- a) a Body Corporate that is a Related Body Corporate of the Company;
- b) a Body Corporate that has Voting Power in the Company of not less than 20%; or
- c) a Body Corporate in which the Company has Voting Power of not less than 20%.

**ASX** means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange or such other stock exchange upon which Shares are listed for quotation from time to time.

**Board** means the board of Directors of the Company.

**Body Corporate** has the meaning given in section 9 of the *Corporations Act*.

**Business Day** means any day other than a Saturday, Sunday or day which is a public holiday in Western Australia.

**Company** means Solco Limited ACN 084 656 691.

**Company Secretary** means the company secretary of the Company or, if there is more than one secretary, any one of the secretaries of the Company.

**Constitution** means the constitution of the Company, as amended from time to time.

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

**Director** means a director of a Group Company from time to time, and includes both executive and non-executive directors.

**Eligible Employees** means such Employees and Directors as determined by the Board from time to time in its absolute discretion.

**Employee** means a person who is employed by a Group Company as a full-time or part-time employee.

**Employee Incentive Plans** means this Scheme and any other employee share scheme which may be implemented by the Company from time to time pursuant to which Shares may be offered to an Eligible Employee.

**Exemption Conditions** means the tax exemption conditions set out in section 83A-35 of the ITAA 1997.

**Group Company** means the Company and its Associated Bodies Corporate.

**Holding Lock** has the same meaning given by the Listing Rules.

**Holding Period** means the period commencing on the day Scheme Shares are acquired by a Participant and ending on the earlier of:

- a) the day being 3 years after the relevant Scheme Shares are issued to or acquired by the Participant; and
- b) the day on which the Participant ceases to be an Employee or Director of the relevant Group Company,

or such other period as determined by the Board in its absolute discretion.

**Invitation** means an invitation to acquire Shares under the Scheme made in accordance with Rule 5.

**ITAA 1997** means the *Income Tax Assessment Act 1997* (Cth).

**Law** means any one or more of the following:

- a) the Corporations Act and any regulations made under that Act;
- b) the Listing Rules;
- c) any securities laws;
- d) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, judicial interpretation or other guidance notice made in relation to (a), (b) or (c) above; and
- e) any other laws in Australia.

**Listing Rules** means the official listing rules of the ASX as they apply to the Company from time to time.

**Offer Period** means the time period within which an Invitation may be accepted by an Eligible Employee, as specified in the Invitation.

**Participant** means a person who is participating in the Scheme.

**Participation Form** means a document given by an Eligible Employee who wishes to accept an Invitation and participate in the Scheme, in a form determined by the Board from time to time.

**Purchase Price** means the issue price or acquisition price for Shares offered in an Invitation, in an amount determined by the Board in accordance with Rule 5.3.

**Related Body Corporate** has the meaning given in section 50 of the *Corporations Act*.

**Rules** means the rules governing the operation of the Scheme set out in this document, as amended from time to time.

**Scheme** means the tax exempt employee share scheme established by the Company in accordance with these Rules.

**Scheme Shares** means any Shares acquired by a Participant under this Scheme.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or any other third party interest of any nature.

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

**Tranche** means such Shares as are acquired by or issued to a Participant as a consequence of accepting a particular Invitation.

**Voting Power** has the meaning given in section 610 of the *Corporations Act*.

## Interpretation

- 1.2 This document, unless the context otherwise requires, must be read subject to the following interpretive rules:
- 1.2.1 headings are for convenience only and must be disregarded in the construction of this document;
  - 1.2.2 the schedules, annexures and attachments to this document form part of this document;
  - 1.2.3 words importing the singular include the plural and vice versa;
  - 1.2.4 words importing any gender include all other genders;
  - 1.2.5 a reference to a statutory provision is to that provision, subject to any statutory modification, amendment or re-enactment, for the time being in force;
  - 1.2.6 a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time;
  - 1.2.7 unless otherwise stated, a reference to a rule, part, schedule or attachment is a reference to a rule, part, schedule or attachment of, or to, this document;
  - 1.2.8 a reference to a 'person' includes any natural person, company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;
  - 1.2.9 if the day on which any act, matter or thing is to be done under this document is not a Business Day, that act, matter or thing must be done on the next Business Day;
  - 1.2.10 an agreement, representation or warranty made by, or in favour of, two or more persons is made by, or for the benefit of, them jointly and severally;
  - 1.2.11 references to time are to the time in Perth, Western Australia; and
  - 1.2.12 references to money are references to Australian dollars.

## 2. Particulars of Scheme

### Name of the Scheme

- 2.1 The Scheme shall be known as the 'Solco Tax Exempt Employee Share Scheme' or such other name as the Board may from time to time determine.

### Commencement of Scheme

- 2.2 The Scheme will commence on a date to be determined by the Board.

### Operation of the Scheme

- 2.3 These Rules set out the terms and conditions for the operation of the Scheme. The Company and each Participant is bound by these Rules.

## 3. Overriding restrictions

### Requirements under ITAA 1997

- 3.1 It is intended that the Scheme, including any financial assistance provided in respect of acquisitions of Shares under the Scheme, will be operated in such a manner as to satisfy the Exemption Conditions in Division 83A of the ITAA 1997 which provide for an exemption from taxation for shares acquired under employee share plans. Without limiting the foregoing, the Scheme must be operated in a non-discriminatory manner such that subsection 83A-35(6) applies in relation to Scheme.

### Compliance with applicable laws

- 3.2 Notwithstanding any other Rules (or the terms on which any Scheme Shares are issued), no Shares may be offered under the Scheme if to do so:
- 3.2.1 would contravene the *Corporations Act* or the Listing Rules; or
  - 3.2.2 would contravene any laws in Australia which apply to the Scheme; or
  - 3.2.3 in the opinion of the Board, would require actions which are too onerous or impractical.
- 3.3 To the extent of any inconsistency between these Rules and the *Corporations Act* or any other laws applicable to the Scheme, those laws will prevail over these Rules.
- 3.4 The provisions of the Listing Rules will apply to the Scheme. To the extent of any inconsistency between these Rules and the Listing Rules, the Listing Rules will prevail over these Rules.

### 4. Limitation on the size of the Scheme

- 4.1 The Company must not offer to issue any Shares under this Scheme if the number of Shares the subject of the offer (or to be received on exercise of an option) when aggregated with:
- 4.1.1 the number of Shares which would be issued if each outstanding offer with respect to shares, units of shares and options to acquire unissued shares, under an Employee Incentive Plan of the Company were to be accepted or exercised; and
  - 4.1.2 the number of Shares issued during the previous 5 years pursuant to the any Employee Incentive Plan extended only to the Eligible Employees;
- but disregarding any offer made, or option acquired or Share issued by way of or as a result of:
- 4.1.3 an offer to a person situated at the time of receipt of the offer outside Australia;
  - 4.1.4 an offer that was an excluded offer or invitation within the meaning of the Corporations Law as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999 (Cth); or
  - 4.1.5 an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - 4.1.6 an offer that did not require the giving of a 'Product Disclosure Statement' because of section 1012D of the Corporations Act; or
  - 4.1.7 an offer made under a disclosure document or 'Product Disclosure Statement' (as defined in the *Corporations Act*),
- would exceed 5% of the total number of Shares of the Company on issue as at the time of the offer.

### 5. Issue of Invitation

#### Invitation to participate

- 5.1 Subject to Rule 4, the Board may issue Invitations to Eligible Employees to participate in the Scheme at any time.
- 5.2 Invitations may contain such information, and be made on such conditions, as the Board may determine from time to time, but in each case an Invitation must specify:
- 5.2.1 the number and/or value of the Shares being offered;
  - 5.2.2 the Purchase Price (if any) of the Shares being offered;
  - 5.2.3 that by accepting the offer contained in the Invitation, the Eligible Employee will be taken to have:
    - a) agreed to become a member of the Company and be bound by its Constitution;



- b) agreed to become a Participant to the Scheme and be bound by these Rules; and
  - c) irrevocably offered to acquire the Shares under the Scheme in accordance with the terms of the Invitation; and
- 5.2.4 the term of the Offer Period in relation to that Invitation.

#### **Purchase Price**

- 5.3 The Purchase Price for Shares offered under an Invitation shall be determined by the Board in its absolute discretion and be specified in the Invitation in accordance with Rule 5.2.2. Without limiting the foregoing, the Board may offer Scheme Shares to an Eligible Employee at no cost or at a nominal cost.

#### **6. Acceptance of Invitation**

- 6.1 Unless otherwise determined by the Board in its absolute discretion, an Eligible Employee who has received an Invitation and wishes to participate in the Scheme may accept that Invitation by giving a Participation Form:
- 6.1.1 to the person specified in the Invitation, or otherwise the Company Secretary;
  - 6.1.2 within the Offer Period; and
  - 6.1.3 in accordance with any other instructions or conditions specified in the Invitation.
- 6.2 A Participation Form shall not be valid, and the offer contained in the Invitation shall be deemed not to have been accepted, until the Participation Form is actually received by the Company.
- 6.3 By giving a Participation Form in accordance with 6.1, the Applicant is deemed to have:
- 6.3.1 agreed to be bound by the terms of the Invitation and the Participation Form;
  - 6.3.2 agreed to become a member of the Company and be bound by its Constitution;
  - 6.3.3 agreed to become a Participant to the Scheme and be bound by these Rules;
  - 6.3.4 agreed to the imposition of a Holding Lock on the Shares to be acquired by the Applicant under the Scheme for the Holding Period; and
  - 6.3.5 irrevocably offered to acquire the Shares under the Scheme in accordance with the terms of the Invitation.

#### **7. Acquisition of Shares**

##### **Number of Shares acquired**

- 7.1 The number of Shares acquired by an Applicant will be the number set out in the Invitation accepted by the Applicant by way of a valid Participation Form.

##### **Method of acquisition**

- 7.2 The Board may determine, in its absolute discretion, whether Shares the subject of a Participation Form are to be acquired by way of:
- 7.2.1 an issue of new Shares by the Company in the name of the Applicant;
  - 7.2.2 the Company acquiring existing Shares traded on the ASX in the name of the Applicant;
  - 7.2.3 the Company acquiring existing Shares by way of off-market purchases registered in the name of the Applicant; or
  - 7.2.4 any combination of the above.

**Payment of Purchase Price**

- 7.3 The Board may determine that payment of the Purchase Price is to be made in any way (or in any combination of different ways) as determined by the Board at its absolute discretion including by way of a cash payment or by way of a salary sacrifice arrangement.
- 7.4 On receipt of payment of the Purchase Price from an Applicant in full, the Company will hold the Purchase Price received from the Applicant on trust for that Applicant until (as applicable):
- 7.4.1 the Shares are acquired by the Company on behalf of the Applicant and registered in the name of the Applicant;
  - 7.4.2 the Shares are issued by the Company to the Applicant and registered in the name of the Applicant; or
  - 7.4.3 any combination of the above.

**Registration of Scheme Shares**

- 7.5 Any Shares acquired by an Applicant under this Scheme will be registered in the name of the Applicant unless otherwise agreed in writing by the Board.

**Transaction costs**

- 7.6 No brokerage, commission, stamp duty or other transaction cost is payable by any Applicant in respect of any issue or transfer of Shares to that person under the Scheme.

**8. Restrictions on dealings with Shares****Holding Lock on Shares**

- 8.1 The Board may determine to apply a Holding Lock to any Scheme Shares acquired by or issued to a Participant under the Scheme, for the duration of the Holding Period applicable to those Shares.
- 8.2 If a Holding Lock is applied to any Scheme Shares, the Participant holding those Scheme Shares is not permitted to:
- 8.2.1 sell, assign, transfer or otherwise deal with (or purport to deal with) any such Scheme Shares; or
  - 8.2.2 grant or purport to grant any Security Interest over any such Scheme Shares, before the expiry of the Holding Period applicable to those Shares.

**Participant acknowledgement of restriction**

- 8.3 Each Participant:
- 8.3.1 agrees that the Scheme Shares held by it will be subject to a Holding lock for the Holding Period applicable to the relevant Shares (as determined by the Board);
  - 8.3.2 agrees to be bound by the Holding Lock arrangements and undertakes to take any steps reasonably required by the Company to enforce those arrangements; and
  - 8.3.3 undertakes not to request or procure the removal of the Holding Lock prior to the expiry of the Holding Period.

**Enforcement of Holding Lock**

- 8.4 The Board may, at its discretion and from time to time, make any arrangements it considers necessary to enforce the Holding Lock or to otherwise ensure that the Exemption Conditions are satisfied.

**Release of Holding Lock**

- 8.5 On or after the expiry of the Holding Period, a Participant may submit a request to the Company to remove the Holding Lock on the relevant Shares. The Board may approve the release of Shares from the Holding Lock without receiving a request from the Participant to do so.

**Quotation of released Shares**

- 8.6 Upon the release of Shares from a Holding Lock in accordance with these Rules (and in accordance with any requirements under the Listing Rules or by the ASX), the Company shall make an application for quotation of those Shares on the ASX. This rule only applies if, at the time of the release of the Scheme Shares from the Holding Lock, the Company is listed on the ASX.

**9. Rights and ranking of Scheme Shares****Rights of Scheme Shares**

- 9.1 Subject to these Rules, all Shares held by Participants under this Scheme shall have the same rights as apply to the other Shares on issue in the Company including:
- 9.1.1 rights to dividends;
  - 9.1.2 rights to participate in rights issues and bonus issues; and
  - 9.1.3 voting rights.
- 9.2 Shares held by Participants under this Scheme shall have same rights to participate in any new issues of Shares as the right conferred on other issued Shares in the Company. These Rules will not apply to any new Shares.
- 9.3 Subject to Rule 8, a Participant is entitled to exercise or deal with rights which attach to Shares it holds under this Scheme.

**Pari Passu Ranking**

- 9.4 Subject to these Rules, Scheme Shares rank pari passu in all respects with other Shares on issue in the Company.

**10. Effect of capital reconstruction****Effect of reconstruction**

- 10.1 Subject to Rule 8, if at any time before the release of any Scheme Shares from a Holding Lock:
- (a) there is a consolidation of the share capital of the Company, Scheme Shares may be consolidated in the same ratio as the other Shares in the Company;
  - (b) there is a subdivision of share capital of the Company, Scheme Shares may be sub-divided in the same ratio as the other Shares in the Company;
  - (c) there is an equal reduction of Shares, Scheme Shares may be reduced in the same ratio as the other Shares in the Company; and
  - (d) there is any other reconstruction of the issued capital of the Company, Scheme Shares may be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on Participants which are not conferred on all other holders of Shares.

**Notice of adjustment**

- 10.2 As soon as reasonably practicable after an adjustment is made in accordance with Rule 9, the Board must give written notice:
- 10.2.1 to each Participant who holds Scheme Shares which are affected by the adjustment under Rule 10.1; and
  - 10.2.2 specifying the number of Shares to be held by that Participant following the adjustment.

**Terms of Shares**

- 10.3 Subject to any requirements regarding the reconstruction of capital imposed by the Company or by law, the terms of any Scheme Shares affected by Rule 10.1 will remain unchanged.

**Compliance with Listing Rules**

- 10.4 The Board must not exercise its powers under Rule 10 in any way which does not comply with the Listing Rules.

**11. Administration of the Scheme****Scheme to be administered by Board**

- 11.1 The Scheme shall be administered by the Board in accordance with these Rules. The Board shall have power to:
- 11.1.1 determine the appropriate procedures for the administration of the Scheme, and make any regulations for the operation of the Scheme, consistent with these Rules;
  - 11.1.2 delegate to any 2 or more Directors, for such period and on such conditions as they may determine, the exercise of their powers or discretions arising under these Rules except the power to delegate under this Rule 11.1.2; and
  - 11.1.3 subject to Rule 12, amend or add to these Rules.

**Decisions final and binding**

- 11.2 The exercise of any powers or discretion of the Board as to the interpretation, effect or application of these Rules is final, conclusive and binding.

**No fiduciary relationship**

- 11.3 In exercising any powers or discretion conferred on the Board by these Rules, the Board is not under any fiduciary or other obligation to any of the Participants or any other person.

**Status of Employees and Group Companies**

- 11.4 If any doubt shall arise as to whether or when:
- 11.4.1 a person has become or ceased to be an Employee of a Group Company; or
  - 11.4.2 a person's employer has become or ceased to be a Group Company,
- then a certificate signed by the Company Secretary shall be deemed conclusive evidence of that fact.

**12. Amendments to the Scheme or these Rules****Board may amend**

- 12.1 Subject to Rules 12.2 and 12.3, the Board may amend these Rules, or procure the Company to amend any terms upon which any Scheme Shares have been issued under this Scheme, at any time.
- 12.2 Any amendment to the Scheme and these Rules must not materially prejudice the rights of any Participant in respect of rights held by them in respect of Scheme Shares acquired prior to the date of the amendment, unless:
- 12.2.1 the amendment is introduced primarily:
    - a) for the purpose of complying with any law applicable to the Scheme, including the *Corporations Act* and the ITAA 1997;
    - b) for the purpose of complying with the Listing Rules;
    - c) to correct any manifest error or mistake;
    - d) for the purpose of enabling the Scheme to be operated and maintained in a tax effective manner;
    - e) to enable a Group Company to comply with the requirements of a regulator, including under an instrument of relief issued by ASIC; or

- f) to enable any or all of the Group Companies to undertake a re-organisation of or other transaction relating to, their Shares without the approval of Participants in a capacity other than as security holders; or
- 12.2.2 the amendment is agreed to in writing by 75% of the Participants whose rights will be materially prejudiced by the proposed amendment.

#### **Restrictions on amendment**

- 12.3 The Board may only amend these Rules if doing so would not contravene the Listing Rules, the *Corporations Act*, the Company's Constitution or any other applicable laws.

#### **Retrospective application**

- 12.4 Amendment of these Rules or the terms upon which Scheme Shares are granted under this Scheme will be effective immediately unless otherwise determined.
- 12.5 Any amendment to these Rules made under Rule 12 may be made with retrospective effect if it is specified to do so in the written instrument or resolution by which the amendment is made.

#### **Notice of amendment**

- 12.6 As soon as reasonably practicable after these Rules or the terms upon which Shares are granted under this Scheme are amended, the Board must give written notice of the amendment to each Participant affected by the change. Failure of the Board to give notice of an amendment in accordance with this clause will not affect the validity of that amendment.

### **13. Termination or suspension of the Scheme**

#### **Board may terminate or suspend**

- 13.1 The Board may terminate or suspend the operation of the Scheme. However, the Board must determine how any Scheme Shares subject to the restriction on dealing under Rule 8 should be dealt with so as to ensure, if possible, the continued satisfaction of the requirements of section 83A-35(8) of the ITAA 1997, if and to the extent Division 83A of the ITAA 1997 applies to Shares under the Scheme.

#### **Notice of termination or suspension**

- 13.2 As soon as reasonably practicable after termination or suspension of the Scheme, the Board must give written notice to each Participant affected which specifies:
- 13.2.1 the date from which the termination or suspension takes effect; and
- 13.2.2 if suspended, that the suspension continues until the Board gives the Participant written notice that the suspension has ended.

### **14. No additional employment rights created**

- 14.1 The Scheme does not confer any additional rights upon Participants and the inclusion of Employees in the Scheme is at the absolute discretion of the Board.
- 14.2 The Scheme does not:
- 14.2.1 create any right for a Participant to remain an Employee;
- 14.2.2 does not affect any rights which the Board may have to terminate the employment of an Employee;
- 14.2.3 must not be used by an Employee to increase an award of damages in any action against a Group Company for termination of employment.

**15. Severability**

- 15.1 If a Rule or part of a Rule can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any Rule or part of a Rule is illegal, unenforceable or invalid, that Rule or part of a Rule is to be treated as removed from these Rules, but the rest of these Rules are not affected.

**16. ASIC relief**

- 16.1 Notwithstanding any other provision of these Rules, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of this Scheme, or which applies to this Scheme, and required to be included in these Rules for that exemption or modification to have full effect, is deemed to be contained in these Rules. To the extent that any covenant or other provision deemed by this Rule to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed covenant or other provision prevails.

**17. Service of notices**

- 17.1 Any notice to be given by or on behalf of the Company in connection with these Rules will be deemed to have been duly given:
- 17.1.1 if delivered by hand, at the time of delivery;
  - 17.1.2 if sent by e-mail or fax, at the time of sending; or
  - 17.1.3 if sent by ordinary mail, three Business Days after the date of posting (or if sent to an address outside of Australia, 7 Business Days after the date of posting).
- 17.2 All notices must be delivered or sent to the address of any Participant as indicated on a Participation Form or at such other address as a Participant may notify to the Company in writing from time to time.

**18. Governing law and jurisdiction**

- 18.1 These Rules shall be governed by and construed in accordance with the laws for the time being in force in the State of Western Australia.
- 18.2 All disputes arising in connection with or under these Rules will be submitted to the exclusive jurisdiction of the courts of Western Australia.

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SOLCO LIMITED (ACN 084 656 691)

PROXY FORM

The Company Secretary  
Solco Offices, 12 Brennan Way, Belmont WA 6104

Ph (+61 8) 9334 8100  
Fax (+61 8) 9334 8199

I/We (name)

of (address)

being a member(s) of Solco Limited and entitled to attend and vote at the Annual General Meeting, hereby:

appoint the Chairman of the Meeting as my/our proxy

or

appoint \_\_\_\_\_ as my/our proxy

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual General Meeting, as my/our proxy and to vote in accordance with the voting directions below, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of the Company to be held at 3.00 pm, on 29 November 2012 at City West Receptions, "The Sutherland Room", 45 Plaistowe Mews, West Perth, Western Australia (and at any adjournment or postponement thereof).

**Important for Resolution 1** If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report) by marking the boxes below, you expressly authorise the Chair to exercise your proxy on Resolution 1 even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair.

If any other member of the Key Management Personnel of the Company, or a Closely Related Party of such a member, is your nominated proxy and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report), the proxy's vote will not be counted in any vote on Resolution 1.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chair of the meeting intends to vote all undirected proxies, which the Chair is entitled to vote, in favour of each item of business.

**Voting on Business of the Annual General Meeting**

Please indicate your voting intentions by placing an X in the appropriate box.

|  | FOR                      | AGAINST                  | ABSTAIN                  |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of the Remuneration Report                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Re-election of Mr Ian Campbell as a Director                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Re-election of Mr Craig Vivian as a Director                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Approval of the Tax Exempt Employee Share Scheme (TEESS)                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 – Approval for the Proposed Placement of up to 60,000,000 Shares (cash)     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 – Approval for the Proposed Placement of up to 60,000,000 Shares (non-cash) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 – Approval of 10% Placement Facility  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** 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 vote(s) will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

By:

Signature

Director

Signature

Sole Director &  
Sole Company Secretary

Signature

Director/  
Company Secretary

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## 1. INSTRUCTIONS FOR COMPLETING THE PROXY FORM

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### 1. Appointment of a Proxy

If you wish to appoint the Chair of the meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chair of the meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the meeting, the Chair of the meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

Under recent changes to the Corporations Act, if your appointment of a proxy specifies the way the proxy is to vote on a particular resolution and your appointed proxy is not the Chair of the meeting and at the meeting a poll is duly demanded on the question that the resolution be passed, then if either your proxy is not recorded as attending the meeting (if a record of attendance is made) or your proxy does not vote on the resolution, the Chair is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution at that meeting.

### 2. Directing Proxy Votes

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

Under recent changes to the Corporations Act, if you direct your proxy how to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so, the proxy must vote as directed. If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands. If the proxy is the Chair, the proxy must vote on a poll, and must vote as directed and if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

If the Chair of the meeting is your nominated proxy, or may be appointed by default, and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form you expressly authorise the Chair to exercise the proxy even though Resolution 1 is connected, directly or indirectly, with the remuneration of Key Management Personnel, which includes the Chair. The Chair intends to exercise all undirected proxies that he is entitled to vote in favour of Resolution 1.

If any other member of the Key Management Personnel of the Company, or a Closely Related Party of such a member, is your nominated proxy and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report), the proxy's vote will not be counted in any vote on Resolution 1.

### 3. Appointment of a Second Proxy

A member entitled to attend and vote at a general meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If two (2) proxies are appointed, each proxy must be allocated a proportion of the member's voting rights. If a member appoints two (2) proxies and the appointment does not specify this proportion, each proxy may exercise half (½) the votes. A duly appointed proxy need not be a member of the Company.

### 4. Signing Instruction

Where a member's holding is in one (1) name the holder must sign the Proxy Form. Where the holding is in more than one (1) name, all members must sign the Proxy Form. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, a certified photocopy of the power of attorney must be lodged in like manner as this Proxy Form.

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.

### 5. Subsequent attendance in person

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended whilst the member is present at the Annual General Meeting.

### 6. Lodgement of the Proxy form

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Solco Limited, 12 Brennan Way, Belmont, WA, 6104; or
- (b) facsimile to the Company on facsimile number +61 8 9334 8199

so that it is received not later than 3.00 pm (WST) on 27 November 2012.

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

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