

22 October 2013

Australian Securities Exchange  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Sir/ Madam

**Notice of Annual General Meeting**

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

Yours faithfully



Darren Crawte  
Company Secretary



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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:** 2.00 pm (WST)

**DATE:** 20 November 2013

**PLACE:** Adina Apartment Hotel  
Avon Room  
33 Mounts Bay Road  
Perth WA 6000

***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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**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 2.00pm (WST) on 20 November 2013 at:

Adina Apartment Hotel  
Avon Room  
33 Mounts Bay Road  
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, Unit 16 / 63 Knutsford Avenue, Belmont, WA 6104; or
- (b) facsimile to the Company on facsimile number +61 8 6210 1343

so that it is received not later than 2.00pm (WST) on 18 November 2013.

**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 2.00pm (WST) on 20 November 2013 at Adina Apartment Hotel, Avon Room, 33 Mounts Bay Road, 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 18 November 2013.

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 2013.

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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 2013 Annual Report of the Company for the financial year ended 30 June 2013 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 DAVID RICHARDSON AS A DIRECTOR**

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

*"That Mr David Richardson, 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 – RATIFICATION OF PRIOR ISSUE OF SHARES**

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the allotment and issue of 5,000,000 Shares at an issue price of \$0.024 each to Mr Anthony Coles on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** An equity issue can be ratified by shareholders in accordance with ASX Listing Rule 7.4. This allows the Company the flexibility to issue Shares and Options in the future up to the threshold of 15% of its total ordinary securities in any 12 month period. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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, 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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5. **RESOLUTION 4 – ADOPTION OF THE SOLCO EMPLOYEE LONG-TERM INCENTIVE SCHEME (LTIS)**

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

*"That, for the purposes of ASX Listing Rule 7.2, exception 9(b), as an exception to ASX Listing Rule 7.1, section 260C(4) of the Corporations Act, and for all other purposes, the Shareholders approve the Solco Employee Long-Term Incentive Scheme (Scheme) for employees (including Directors) of the Company or a subsidiary of the Company and the issue of Shares pursuant to the Plan, the terms of which are summarised in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director of the Company and any associate of that person. 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.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and

- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**6. RESOLUTION 5 – 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: 22 October 2013  
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 2.00pm (WST) on 20 November 2013 at Adina Apartment Hotel, Avon Room, 33 Mounts Bay Road, 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 2013 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 2013 is in the Directors Report section of the Company's 2013 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 2013.

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 2013. 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 DAVID RICHARDSON 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 Richardson 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 Richardson is a qualified mechanical engineer who has over 33 years of high level business experience. Mr Richardson established a successful engineering enterprise of Toussaint & Richardson in 1982 which he ran until it was acquired in 2000. More recently he was a senior executive of the large, publicly listed engineering firm Worley Parsons, serving as head of the Minerals and Metals division. Mr Richardson also acted as a non-executive director of Emerson Stewart Group Limited until 29 April 2011.

Mr Richardson has extensive operational, commercial and engineering experience in Australia and internationally.

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

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### **4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES**

#### **4.1 General**

As announced on 7 March 2013, the Company allotted and issued 5,000,000 Shares to Mr Anthony Coles, Chief Executive Officer (or his nominee) on the terms and conditions set out below.

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



ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. ASX Listing Rule 7.4 states that an issue by a company of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 5,000,000 Shares at \$0.024 per Share on 1 March 2013 (Ratification). By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **4.2 Technical Information Required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) A total of 5,000,000 Shares were issued;
- (b) The Shares were issued at \$0.024 each;
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as, and ranking equally (from the date of their issue) with the Company's existing Shares;
- (d) The Shares were allotted and issued to Mr Anthony Coles, the Company's Chief Executive Officer;
- (e) The Company provided a limited-recourse, interest free loan to Mr Coles to enable the acquisition by him of these Shares. The Shares were issued as part of the Company's key management personnel remuneration strategy.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

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#### **5. RESOLUTION 4 – ADOPTION OF THE SOLCO EMPLOYEE LONG-TERM INCENTIVE SCHEME (LTIS)**

The Board has developed Solco's Employee Long-Term Incentive Scheme (**Scheme** or **LTIS**) to enable the Board to provide appropriate performance incentives to employees (including Directors) of the Company and its subsidiaries, through ownership of Shares. The Board believes that this will align the interests of employees and Directors with the interests of the Company, for the benefit of all Shareholders.

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Shares under the Scheme as an exception to ASX Listing Rule 7.1.

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

Exception 9(b) of ASX Listing Rule 7.2 provides that a company may make an issue of securities under an employee incentive scheme (such as the LTIS) if, within three years before the date of issue, holders of ordinary securities in the company have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will have the ability to issue Shares to eligible participants under the Scheme over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Scheme is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The Scheme will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals.

The Scheme will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Scheme given the size of the Company.

A copy of the Scheme are summarised in Annexure A to this Explanatory Statement.

A full copy of the terms of the Scheme is available for inspection on request.

The Company issued 5,000,000 Shares to Mr Anthony Coles on 1 March 2013 under its LTIS. The Shares were issued at the then 5 day volume weighted average share price of \$0.024 per Share. The Company provided Mr Coles with a limited-recourse, interest free loan to acquire the Scheme Shares, on the same terms and conditions noted in Annexure A. The approval by shareholders of that issue is the subject of Resolution 3 of this Notice of Meeting. No other Shares have been issued under the Scheme.

Shareholder approval will be sought by the Company (if required under the ASX Listing Rules or the Corporations Act) where the Company invites a Director or associate to participate in the Scheme.

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

### 6.1 General

Listing Rule 7.1A 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 6.2(c) below).

The Company may use the 10% Placement Facility to fund business or corporate acquisitions in the renewable energy or finance 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 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## **6.2 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.

As at the date of this Notice, the only class of Equity Securities in the Company quoted on the ASX are the ordinary shares in the Company. The Company presently has 205,100,124 ordinary shares as at the date of this Notice of Meeting.

### **(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 205,100,124 Shares, and assuming Resolution 3 is passed, therefore has a theoretical capacity to issue:

- (i) 30,765,018 Equity Securities under Listing Rule 7.1; and
- (ii) 20,510,012 Equity Securities under Listing Rule 7.1A.

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

**6.3 Listing Rule 7.1A**

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

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

**6.4 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 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (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		
		\$0.009 50% decrease in Issue Price	\$0.017 Issue Price	\$0.026 50% increase in Issue Price
<b>Current Variable A</b> 205,100,124 Shares	<b>10% Voting Dilution</b>	20,510,012 Shares	20,510,012 Shares	20,510,012 Shares
	<b>Funds raised</b>	\$184,590	\$348,670	\$533,260
<b>50% increase in current Variable A</b> 307,650,186 Shares	<b>10% Voting Dilution</b>	30,765,019 Shares	30,765,019 Shares	30,765,019 Shares
	<b>Funds raised</b>	\$276,885	\$523,005	\$799,890
<b>100% increase in current Variable A</b> 410,200,248 Shares	<b>10% Voting Dilution</b>	41,020,025 Shares	41,020,025 Shares	41,020,025 Shares
	<b>Funds raised</b>	\$369,180	\$697,340	\$1,066,521

**The table has been prepared on the following assumptions:**

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.

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- (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 ratification of 5,000,000 Shares under Resolution 3 is passed.
  - (iv) 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%.
  - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (viii) The issue price is \$0.017, being the closing price of the Shares on ASX on 15 October 2013.
  - (ix) The current Shares on issue are the Shares on issue as at 15 October 2013.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 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 or finance sector (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 or finance 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 issues 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 proceeds 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 previously obtained Shareholder approval under Listing Rule 7.1A but has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 month period preceding the date of this Notice.
- (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.
- (h) In light of the fact that the Company has previously received Shareholder approval for a 10% Placement Facility - being effected by the passage of the seventh resolution at the Company's Annual General Meeting on 29 November 2012 (see ASX release 29 November 2012) - it is required under Listing Rule 7.3.A.6 that the following information be provided:
- A. during the 12 months preceding the date of this Meeting, being from and including 20 November 2012 to and including 20 November 2013 (**Preceding 12 Month Period**):
1. the Company has issued the following Equity Securities:
    - i. 5,000,000 Shares;
  2. those Equity Securities issued during the Preceding 12 Month Period represent, on a fully diluted basis, 2.5% of the total number of Equity Securities that were on issue on the first day of the Preceding 12 Month Period;
- B. during the Preceding 12 Month Period, the Company effected one issue of Equity Securities, the particulars of which are set out below:

Date of issue	1 March 2013
Number issued	5,000,000
Class of Equity Security	Ordinary Shares
Summary of terms	The shares carry the same rights as ordinary shares on issue, but are subject to a voluntary trading restriction for 12 months from the date of issue.
Names of persons who received securities	Mr Anthony Coles (Chief Executive Officer)
Issue Price	\$0.024 per Share (The Company provided a limited-recourse, interest free loan to Mr Coles to enable the acquisition by him of these Shares. The Shares and loan were issued under the Company's Long Term Incentive Scheme which is the subject of Resolution 4 and the terms of which are at Annexure A).
Discount to market price	None
Total cash consideration	\$120,000 – No cash repayments in relation to the loan have been received by the Company as at the date of this Notice and accordingly none has been spent to date. The Company intends to use these funds for on-going working capital purposes.

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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.

For personal use only



## GLOSSARY

**\$** means Australian dollars.

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

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

**Annual 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, 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 Shares in the Company.

**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.

## Solco Limited

### Long-Term Incentive Scheme

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## Background

- A The following are the terms and conditions of the Solco Long-Term Incentive Scheme.
- B The purpose of the Scheme is to provide a sense of ownership in Solco and to reward Employees of Solco. The Scheme is designed to encourage broad equity ownership and to align the rewards of Participants with the strategic long term goals and performance of Solco.

## Operative provisions

### 1. Definitions and interpretation

#### Definitions

- 1.1 In the construction of this document, unless the contrary intention appears:

**Act** means the *Corporations Act 2001* (Cth) as amended from time to time;

**Approved CS Facility** has the meaning given to that term in the Listing Rules;

**ASX** means Australian Securities Exchange;

**Board** means the Solco's board of Directors;

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

**Buyback Agreement** has the meaning given to that term in clause 16.1;

**Cash Dividend** means a dividend declared and paid by Solco to holders of Shares in the form of money, whether by cheque or direct credit, and includes any such dividend which is reinvested under the DRP but excludes any amount paid on a buyback of Shares;

**Company Employee Incentive Plan** means this Scheme and any other scheme which may be implemented by Solco from time to time pursuant which Shares may be offered to an Eligible Person;

**Condition** means a condition imposed by the Directors in respect of a Participant's Scheme Shares that must be satisfied before the Scheme Shares are released from the restrictions under clause 8.5, such condition being specified in the written invitation made under clause 6.3 to take up those Scheme Shares;

**Directors** means the directors of Solco from time to time;

**Dismissal for Serious Misconduct** means the valid termination of a Participant's employment with Solco or its Subsidiary without notice as a result of serious misconduct on the part of the Participant;

**DRP** means the Solco Dividend Reinvestment Plan that may be in place from time to time;

**Eligible Person** has the meaning given to that term in clause 6.1;

**Employee** means a full time or part time employee of Solco or a Subsidiary and includes a director who is a salaried employee excluding a non-executive director

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

**Holding Lock Period** has the meaning given in clause 12.2;

**Initial Loan Amount** means, in respect of a Scheme Loan, an amount equal to the total Issue Price of the Shares (excluding any Shares issued under the DRP) acquired under the Scheme with that Scheme Loan;

**Issue Price** means the issue price of Shares issued under the Scheme, as adjusted in accordance with clause 5.3;

**Solco** means Solco Limited ACN 084 656 691;

**Lender** means the lender of a Scheme Loan which shall be either Solco or a Subsidiary of Solco;

**Listing Rules** means the Listing Rules of ASX from time to time, subject to any waiver or modification granted by ASX;

**Participant** means an Employee who has accepted an invitation to participate in the Scheme in accordance with clause 7 and in the event of the death or Permanent Disability means the Participant's legal personal representative;

**Permanent Disability** means physical or mental disability caused through bodily injury, illness, disease, infirmity or accident which the Board after considering such medical or other evidence as it thinks fit considers will render the person concerned unlikely ever to be able to perform his or her duties as an Employee of Solco or its Subsidiary;

**Prescribed Security Value** means, in relation to a Participant, the amount of the principal of the Participant's Scheme Loan from time to time;

**Proceeds** has the meaning given to that term in clause 11.7;

**Scheme** means the Solco Long-Term Incentive Scheme, established by this document;

**Scheme Loan** means a loan made to a Participant under the Scheme;

**Scheme Shares** means Shares which are subject to the Scheme in accordance with clause 4;

**Secretary** means the secretary of Solco or, if there is more than one secretary, one of the secretaries of Solco;

**Share** means an ordinary share in the capital of Solco;

**Subsidiary** means a subsidiary as defined in the Act; and

**Terms and Conditions** means these terms and conditions as amended from time to time.

## 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 clause, part, schedule or attachment is a reference to a clause, 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. Name of the Scheme**

- 2.1 This Scheme shall be known as the 'Solco Long-Term Incentive Scheme' or such other name as the Directors may from time to time determine.

## **3. Regulatory requirements**

- 3.1 The operation of the Scheme and, in particular, the issue of new Shares under the Scheme is subject to the requirements of:
- 3.1.1 the Listing Rules;
- 3.1.2 ASIC Class Order 03/184; and
- 3.1.3 the Act.

## **4. Scheme Shares**

- 4.1 The Shares subject to the Scheme shall be the Shares which are acquired by Participants pursuant to the Scheme together with all bonus Shares issued in respect of Shares which were then Scheme Shares.
- 4.2 Subject to clause 4.3, no offer that is or includes an offer of Scheme Shares may be made unless the total number of:
- 4.2.1 Scheme Shares offered to Eligible Persons under the Scheme;
- 4.2.2 Scheme Shares which would be issued if each outstanding offer with respect to the Shares, pursuant to the Scheme were accepted; and
- 4.2.3 Shares issued during the previous 5 years pursuant to a Company Employee Incentive Plan,

but disregarding any offer of Shares referred to in sub-paragraphs (c) to (g) of paragraph 3 of the schedule to ASIC Class Order 03/184, does not exceed 10% of the total number of issued Shares at the time of the offer.

4.3 The Directors may, from time to time, in their absolute discretion, make an offer of additional Scheme Shares to Eligible Persons if the offer does not need disclosure because of section 708 of the Act.

4.4 Notwithstanding anything in this document including clauses 4.2 and 4.3, Solco may not issue more than the maximum number of Shares which are permitted to be subject to the Scheme under the Listing Rules.

4.5 Where Solco declares a bonus issue of Shares, then the bonus Shares are also deemed subject to the Scheme.

4.6 A Share held by a Participant shall cease to be a Scheme Share if the Share has been released from the lien granted by the Participant to the Lender under clause 12 in accordance with that clause 12.

## **5. Issue Price**

5.1 The Issue Price of each Share shall be determined by the Directors prior to making each invitation to an Employee to participate in the Scheme.

5.2 In no event shall the Issue Price be less than the weighted average of the prices at which Solco Shares were traded on ASX during the 5 Business Days up to and including the date, of determination of the Issue Price by the Directors.

5.3 On each occasion that bonus Shares are issued in respect of a Participant's Scheme Shares, the Issue Price for those Scheme Shares immediately prior to such bonus issue shall be averaged down and spread equally between those Scheme Shares and the bonus Shares. Those bonus Shares shall, from the time of issue, become Scheme Shares and, for the purposes of these terms and conditions, have an Issue Price determined by such averaging down.

## **6. Invitation to participate**

6.1 A person is eligible to participate in the Scheme if the person is an Employee or Director of Solco or a Subsidiary of Solco (**Eligible Person**).

6.2 The Directors may, from time to time, invite an Eligible Person to participate in the Scheme. Such invitations may be made to persons who are already Participants and more than one invitation may be made to the same person. The Scheme Shares acquired by a Participant pursuant to each such invitation and the Scheme Loan made in respect of those Scheme Shares shall be treated separately from, and not consolidated with, any other Scheme Shares held by or Scheme Loan made to the Participant and these Terms and Conditions shall apply accordingly (as if the Participant were several people each with the separate Scheme Shares and Scheme Loan).

6.3 Each such invitation shall be in writing, signed by a Secretary or a Director, and shall:

6.3.1 specify the number of Shares being offered to the Employee;

6.3.2 specify the Issue Price of each Share being offered;

6.3.3 specify any Conditions applicable to the Shares being offered;

6.3.4 specify the time period within which the invitation may be accepted by the Employee;

6.3.5 contain an offer by Solco or by a Subsidiary of Solco to make a Scheme Loan (together with applicable terms and conditions) to the Employee of such amount as will enable the Employee to acquire, pursuant to the Scheme, the number of Shares offered at the Issue Price per Share; and

6.3.6 contain such other matters as the Directors may from time to time determine.

- 6.4 An offer of Shares subject to a particular Condition shall be made in a separate invitation under clause 6.3 and on the basis of a separate Scheme Loan.

## **7. Acceptance of invitation**

- 7.1 An Employee who has received an invitation to participate in the Scheme may accept that invitation by sending an acceptance to the Secretary.

- 7.2 An acceptance shall be in such form as the Directors may from time to time determine and shall:

- 7.2.1 specify the name and address of the Employee;
- 7.2.2 contain an application by the Employee to Solco to subscribe for the number of Shares offered at the Issue Price per Share;
- 7.2.3 contain an acceptance of these Terms and Conditions;
- 7.2.4 contain an acceptance of the offer of a Scheme Loan made by the Lender;
- 7.2.5 contain an agreement to be bound by Solco's constitution;
- 7.2.6 contain an agreement to the application of a Holding Lock for the Holding Lock Period pursuant to Listing Rule 8.10.1(i);
- 7.2.7 contain an authority to the Board to request and receive from the Lender of the Employee's Scheme Loan the full advance under the Employee's Scheme Loan and immediately apply it in paying the full amount of the Issue Price for each of the Shares applied for by the Employee;
- 7.2.8 contain an authority to the Lender of the Employee's Scheme Loan to retain possession of the Share certificates (if any) in respect of such number of Scheme Shares and any bonus Shares issued to the Employee in respect of those Scheme Shares of the Employee as is determined in accordance with clause 12;
- 7.2.9 contain a power of attorney in favour of the Lender in accordance with clause 17; and
- 7.2.10 contain such other documents as the Directors may from time to time determine.

- 7.3 An acceptance shall be effective only if:

- 7.3.1 it is received by the Secretary within the period stipulated in the invitation given under clause 6.3 for acceptance; and
- 7.3.2 it is accompanied by such other documents as the Directors may from time to time determine.

## **8. Issue of Scheme Shares**

- 8.1 When an invitation has been duly accepted, the Shares applied for by the Participant shall be allotted by Solco to the Participant and issued fully paid.

- 8.2 Upon issue of any Scheme Shares, Solco shall apply for their quotation by ASX within the period required under the Listing Rules.

- 8.3 The Share certificates (if any) in respect of a Participant's Scheme Shares, and all bonus Shares issued in respect of such Scheme Shares, shall upon issue be delivered to the Lender of the Participant's Scheme Loan as security for repayment of the Participant's Scheme Loan in accordance with these Terms and Conditions.

8.4 Subject to these Terms and Conditions, all Scheme Shares shall have the same rights as apply to the other Shares of Solco, including rights to dividends, participation in rights issues and bonus issues, and voting.

8.5 If a Participant's Scheme Shares are subject to a Condition that has not been satisfied the Participant must not:

- (a) elect to reinvest dividends on those Scheme Shares under the DRP;
- (b) repay any of the Scheme Loan relating to those Scheme Shares under clause 11.8;
- (c) request the release of any of the Scheme Shares from the lien granted to the Lender under clause 12.1; or
- (d) deal with the Scheme Shares otherwise than in accordance with clause 14.

## **9. Making Scheme Loans**

9.1 A Lender of a Participant's Scheme Loan shall make the full advance to the Participant under the Participant's Scheme Loan at the request of the Board.

9.2 A Participant, and the Board on behalf of the Participant, shall use a Scheme Loan for the sole and immediate purpose of paying the full amount of the Issue Price for each of the Shares applied for by the Participant.

9.3 If a Participant has more than one Scheme Loan, each Scheme Loan will be treated separately from and not consolidated with any other Scheme Loan.

## **10. No interest on Scheme Loans**

10.1 No interest is payable on the Participant's Scheme Loan.

## **11. Repayment of Scheme Loans: Limited recourse**

11.1 The Participant shall not be obliged to repay the outstanding balance of the Participant's Scheme Loan other than in the manner specified in this clause 11.

### **Conditions not satisfied**

11.2 If on the earliest to occur of:

11.2.1 the expiration of six months after the Participant ceases for any reason, other than death or Permanent Disability, to be an Employee of Solco or a Subsidiary of Solco (including by reason that the Participant's employer ceases to be a Subsidiary of Solco); and

11.2.2 the fifth anniversary of the making of the Participant's Scheme Loan,

the Conditions attaching to the Participant's Scheme Shares **are not** satisfied, then Solco may, at its discretion, either:

11.2.3 accept the Participant's offer to enter into a buy back agreement under clause 16 and buy back the Participant's Scheme Shares in accordance with the procedure in clause 16; or

11.2.4 sell (or direct the Lender to sell) the Participant's Scheme Shares on or off market in accordance with the procedure in clause 13.



## Conditions satisfied

11.3 If on the earliest to occur of:

11.3.1 the expiration of six months after the Participant ceases for any reason, other than death or Permanent Disability, to be an Employee of Solco or a Subsidiary of Solco (including by reason that the Participant's employer ceases to be a Subsidiary of Solco);

11.3.2 the fifth anniversary of the making of the Participant's Scheme Loan,

the Conditions attaching to the Participant's Scheme Shares **are** satisfied, then the Lender may make written demand on the Participant for the repayment of the outstanding amount of the Participant's Scheme Loan.

11.4 Any demand under clause 11.3 must specify in it the date for repayment of the outstanding balance of the Participant's Scheme Loan, such date to be not less than one month after the giving of such written demand.

11.5 If the Participant fails to pay the Scheme Loan in accordance with the demand made under clause 11.4 then Solco may, at its discretion, either:

11.5.1 accept the Participant's offer to enter into a buy back agreement under clause 16 and buy back the Participant's Scheme Shares in accordance with the procedure in clause 16; or

11.5.2 sell (or direct the Lender to sell) the Participant's Scheme Shares on or off market in accordance with the procedure in clause 13.

## Death or Permanent Disability

11.6 At the expiration of 12 months after the Participant's death or Permanent Disability, clauses 11.5.1 and 11.5.2 apply (whether or not the Conditions attaching to the Participant's Scheme Shares have been satisfied at the time of the Participant's death or Permanent Disability).

## Limited recourse Loan

11.7 Each party acknowledges and agrees that subject to clause 13 the Participant's liability with respect to the Participant's Scheme Loan is in all cases limited to the proceeds arising from the sale or buyback of the Participant's then Scheme Shares (**Proceeds**) and the Lender will have no further recourse against the Participant in respect of the Participant's Scheme Loan or any costs, charges or expenses incurred in or incidental to the exercise or performance of any of the powers or authorities conferred by these Terms and Conditions.

## Voluntary repayments

11.8 A Participant may, subject to clause 8.5, repay the whole or part of the outstanding balance of the Participant's Scheme Loan at any time provided that, if the Participant repays part of the outstanding balance of the Participant's Scheme Loan, any such repayments must be made in multiples of \$10,000.

## 12. Security

12.1 Without limiting Solco's or the Lender's rights under clauses 11, 13 and 16 of these Terms and Conditions, each Participant grants to the Lender a lien over all of their Scheme Shares as security for the payment of all monies owing under the Participant's Scheme Loan. If a Participant has more than one Scheme Loan, a separate lien will be granted over, and only apply to, the Scheme Shares applicable to each Scheme Loan and such lien will be treated separately from any other lien granted by the Participant.

- 12.2 For the purposes of protecting its rights under any lien granted under clause 12.1 and enforcing any restrictions under clause 8.5, the Lender may request an Approved CS Facility to apply a Holding Lock to prevent the transfer of a Participant's Scheme Shares until the Scheme Loan is fully repaid (**Holding Lock Period**). The Lender may instruct the Approved CS Facility to remove the Holding Lock if the Participant dies, acquires a Permanent Disability, or in the case of a takeover bid.
- 12.3 The Directors may, from time to time, in their absolute discretion, release any number of Scheme Shares of a Participant from the lien held by the Lender. In accordance with clause 4.6, Shares which are so released cease to be Scheme Shares.
- 12.4 If, as a consequence of the application of any of the Terms and Conditions, the security under this clause 12 is at any time is less than the Prescribed Security Value, the Lender shall not be entitled to obtain further security and the Participant shall be under no obligation to top up such security.

### 13. Sale of Shares

- 13.1 If Solco elects to sell the Scheme Shares under clause 11.2.4, then the Lender will have the power to sell all of the Participant's Scheme Shares then retained by the Lender on or off market and the following applies:
- 13.1.1 the Participant will not be entitled to any of the Proceeds (even if such Proceeds exceed the Participant's outstanding balance of the Participant's Scheme Loan);
  - 13.1.2 the Lender will be entitled to the Proceeds in full, without any deduction or set-off; and
  - 13.1.3 the Lender will repay the Participant any amounts paid by the Participant pursuant to clause 11.8 on completion of the sale of the Scheme Shares.
- 13.2 The Participant acknowledges and agrees that any surplus of the Proceeds (in excess of the Participant's outstanding balance of the Scheme Loan) retained by the Lender under clause 13.1:
- 13.2.1 will, in whole or in part, be used to meet the costs and expenses incurred by the Lender and Solco in selling the Participant's Scheme Shares;
  - 13.2.2 represents Solco's and the Lender's loss due to the Participant's failure in fulfilling the Conditions attaching to the Scheme Shares; and
  - 13.2.3 is not a penalty.
- 13.3 If Solco elects to sell the Scheme Shares under clause 11.5.2, then the Lender will have the power to sell all of the Participant's Scheme Shares then retained by the Lender on or off market and the following applies:
- 13.3.1 the Proceeds will:
    - (a) first be applied to repay the outstanding balance of the Participant's Loan; and
    - (b) second be applied against all of the costs and expenses incurred by the Lender in respect of the sale of the Scheme Shares; and
  - 13.3.2 the remainder of the Proceeds after the payments under clause 13.3.1 will be paid to the Participant.

### 14. Takeovers

- 14.1 In the event that a person has made takeover offers for the Shares in Solco in accordance with Chapter 6 of the Act (**takeover offer**), each Participant shall be entitled to accept such offer with respect to the Participant's Scheme Shares provided that the takeover offer has been

recommended by a majority of the Directors. For the avoidance of doubt, clause 8.5(d) allows a Participant to accept a recommended takeover offer in respect of some or all Scheme Shares that it currently holds, notwithstanding any unsatisfied Conditions that apply to the Shares.

- 14.2 If a Participant wishes to accept a takeover offer the Participant shall supply the Lender with:
- 14.2.1 all things necessary to accept the takeover offer in respect of such number of Shares as the Participant chooses and direct that the proceeds of sale are to be remitted to the Lender at the Lender's address; and
  - 14.2.2 a written direction from the Participant to the Lender to forward any documents in the manner prescribed for acceptance of the takeover offer.
- 14.3 Upon receipt of such direction the Lender shall comply with the direction.
- 14.4 When the Lender comes into possession of the net proceeds of sale of Shares arising from sales contemplated by this clause, the Lender shall apply only so much of it as is attributable to the Participant's Scheme Shares to repay the Participant's Scheme Loan and pay any balance to the Participant.
- 14.5 If, despite a direction given under clause 14.2.1, the proceeds of sale are sent to the Participant, the Participant shall immediately remit to the Lender an amount equal to that which the Lender would have been entitled to under clause 14.4.
- 14.6 The forwarding of documents by the Lender in accordance with clause 14 shall not cause the Shares concerned to cease being Scheme Shares unless and until the Lender is in receipt of the proceeds of sale contemplated by clauses 14.4 and 14.5 together with any paper contemplated by clause 14.7.
- 14.7 If a Participant:
- 14.7.1 does not accept a takeover offer; or
  - 14.7.2 accepts the takeover offer in respect of some (but not all) of its Scheme Shares,
- then the Participant must, within 15 Business Days after the end of the offer period, repay its Scheme Loan. For the purposes of this clause 14.7, the offer period is the period referred to in the definition of "bid period" in section 9 of the Act.
- 14.8 If the Participant does not repay its Scheme Loan in accordance with clause 14.7, then Solco may, at its discretion, either:
- 14.8.1 accept the Participant's offer to enter into a buy back agreement under clause 16 and buy back the Participant's Scheme Shares in accordance with the procedure in clause 16; or
  - 14.8.2 sell (or direct the Lender to sell) the Participant's Scheme Shares on or off market in accordance with the procedure in clause 13.
- 14.9 Where the offeror under a takeover offer is offering consideration other than only cash (such non-cash component called '**paper**')
- 14.9.1 the cash component (if any) attributable to the Participant's Scheme Shares shall be dealt with under clauses 14.4 and 14.5;
  - 14.9.2 if, after clause 14.9.1 has been done, there is no amount owing on the Participant's Scheme Loan the paper attributable to the Participant's Scheme Shares shall belong to the Participant absolutely and any certificates in respect of such paper shall be immediately forwarded to the Participant;

14.9.3 if, after clause 14.9.1 has been done, there is an amount owing on the Participant's Scheme Loan, the paper attributable to the Participant's Scheme Shares shall be dealt with as follows:

- (a) the Lender shall be entitled to possession of any certificates in respect of such paper pending the following steps being undertaken;
- (b) the Participant shall sell such amount of that paper as will realise net proceeds equal to the outstanding balance of the Participant's Scheme Loan and pay that amount to the Lender;
- (c) any proceeds in excess of that required to repay the outstanding balance of the Participant's Scheme Loan and any paper then remaining shall belong to the Participant absolutely and any certificates in respect of such paper shall be immediately forwarded to the Participant;
- (d) if the proceeds from the sale of paper are insufficient to repay the outstanding balance of the Participant's Scheme Loan, the Lender's only rights shall be in respect of any remaining Scheme Shares of the Participant.

14.10 The provisions of this clause will not qualify the limitations on the liability of a Participant to repay a Scheme Loan as set out in clause 11.7.

## 15. Information to Participants

15.1 On 31 August in each year, and as soon as practicable after receipt of a written request from a Participant, the Secretary shall send to the Participant a statement setting out:

- 15.1.1 the total number of the Participant's then Scheme Shares;
- 15.1.2 the outstanding balance of the Participant's Scheme Loan at the beginning of the period to which the statement relates;
- 15.1.3 the amount and source of any payments made by the Participant in repayment of the Participant's Scheme Loan during the period to which the statement relates;
- 15.1.4 the balance of the Participant's Scheme Loan at the end of the period to which the statement relates; and
- 15.1.5 other information relevant to these matters.

## 16. Buyback

16.1 Each Participant irrevocably offers to enter into an agreement with Solco under which Solco will buyback all of the Participant's Scheme Shares in accordance with this clause 16 (**Buyback Agreement**).

16.2 Solco may only accept the Participant's offer under clause 16.1 in the circumstances contemplated by clause 11.2.3, clause 11.5.1 or clause 14.8.1.

16.3 Solco may accept a Participant's offer to enter into a Buyback Agreement under clause 16.1 by giving a written notice to the Participant (**Buyback Notice**). The Buyback Notice must contain the following details:

- 16.3.1 the name and address of the Participant;
- 16.3.2 the price at which Solco will buyback the Participant's Scheme Shares (**Buyback Price**);

- 16.3.3 the number of the Participant's Scheme Shares; and
- 16.3.4 the date for completion of the buyback by Solco (**Completion Date**).
- 16.4 Upon Solco giving a Buyback Notice, the Participant must sell and Solco must buyback the Participant's Scheme Shares for the Buyback Price on the Completion Date.
- 16.5 The Completion Date shall be a date between 5 and 15 Business Days from the date of the Buyback Notice. Completion of the buyback must take place on the Completion Date at 1.00pm at Solco's registered office, or at any other time and place that Solco and the Participant agree.
- 16.6 The Buyback Price in relation to each Scheme Share that is being bought back by Solco shall:
- 16.6.1 be equal to the Issue Price of the Scheme Shares if the buy-back offer is accepted by Solco under clause 11.2.3; or
- 16.6.2 be not less than the average of the last sale prices quoted for Solco Shares on ASX for the 20 consecutive Business Days preceding the date of the Buyback Notice if the buy-back offer is accepted by Solco under clause 11.5.1.
- 16.7 At the Completion Date, the Participant must give Solco:
- 16.7.1 a duly completed transfer executed by the Participant transferring to Solco the Participant's Scheme Shares; and
- 16.7.2 any other documents that Solco may require to give effect to the buyback of the Participant's Scheme Shares.
- 16.8 At the Completion Date, subject to the Participant complying with clause 16.7, Solco must:
- 16.8.1 apply so much of the total Buyback Price as is required to satisfy the outstanding balance of the Participant's Scheme Loan; and
- 16.8.2 pay the balance of the total Buyback Price (if any), to the Participant.
- 16.9 Notwithstanding any term of these Terms and Conditions, the buyback of the Participant's Scheme Shares pursuant to this clause 16 must be performed in accordance with Division 2, Part 2J.1 of the Act.
- 17. Power of attorney**
- 17.1 Each Participant irrevocably appoints Solco and the Lender as the Participant's attorney to execute all documents and do all things on the Participant's behalf that may be necessary or expedient to:
- 17.1.1 enter into a Buyback Agreement in accordance with clause 16 and complete the buyback of the Participant's Scheme Shares in accordance with that agreement; and
- 17.1.2 sell the Participant's Scheme Shares in accordance with clause 13.
- 18. Administration of the Scheme**
- 18.1 The Scheme shall be administered by the Board who shall have power to:
- 18.1.1 determine the appropriate procedures for the administration of the Scheme consistent with these Terms and Conditions;
- 18.1.2 delegate to any 2 or more of them, for such period and on such conditions as they may determine, the exercise of their powers or discretions arising under the Scheme; and

18.1.3 subject to clause 19, amend or add to these Terms and Conditions.

18.2 If any doubt shall arise as to whether or when:

18.2.1 a person has become or ceased to be an Employee of Solco or a Subsidiary of Solco; or

18.2.2 a person's employer has become or ceased to be a Subsidiary of Solco,

18.2.2 then a certificate signed by the Secretary shall be deemed conclusive evidence of that fact.

## **19. Alterations**

19.1 Subject to clause 19.2, these Terms and Conditions may, at any time and from time to time, be amended by the Directors.

19.2 No amendment to these Terms and Conditions shall be made by the Directors:

19.2.1 unless the Directors or Solco (as the case may be) complies with the Act and the Listing Rules; or

19.2.2 without the prior express written consent of the Participant concerned, if the amendment detrimentally affects the rights of a Participant with regard to either the Participant's Scheme Shares or Scheme Loan.

## **20. Security holder approval before Shares issued or Loan granted to related parties**

20.1 A Scheme Loan will only be granted under this Scheme to an Eligible Person after the members of Solco have approved by resolution the proposed Loan, if such approval is required by the Listing Rules or the Act.

20.2 Shares will only be issued under the Scheme to an Eligible Person who is also a related party of Solco after the members of Solco have approved by resolution the proposed issue, if such approval is required by the Listing Rules or the Act.

## **21. Governing law**

21.1 These Terms and Conditions shall be governed by and construed in accordance with the laws for the time being in force in the State of Western Australia.

**SOLCO LIMITED (ACN 084 656 691)****PROXY FORM**

The Company Secretary  
Solco Offices, 16/63 Knutsford Avenue, Belmont WA 6104

Ph (+61 8) 9463 2463  
Fax (+61 8) 6210 1343

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 2.00 pm, on 20 November 2013 at Adina Apartment Hotel, Avon Room, 33 Mounts Bay Road, 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 David Richardson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Adoption of the Solco Employee Long-Term Incentive Scheme (LTIS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – 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 \_\_\_\_\_ 2013.

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, 16 / 63 Knotsford Avenue, Belmont, WA, 6104; or
  - (b) facsimile to the Company on facsimile number +61 8 6210 1343
- so that it is received not later than 2.00 pm (WST) on 18 November 2013.

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