



MEDICAL AUSTRALIA LIMITED
ACN 096 048 912

**NOTICE OF ANNUAL GENERAL
MEETING**

28 November 2016

AND

EXPLANATORY MEMORANDUM

A PROXY FORM IS ENCLOSED

(Copy of the Annual Report is on the Company's website www.medaust and on the ASX Website. If you have advised the Share Registry you require a hard copy it will be mailed to you)

THIS DOCUMENT IS IMPORTANT

If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your sharebroker, solicitor, accountant or other professional advisor immediately.

If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

Notice of Annual General Meeting – Medical Australia Limited – 28 November 2016

Notice is given that the 2016 Annual General Meeting of Medical Australia Limited ("**MLA**" or "**Company**") will be held at Nexia Australia, Level 16, 1 Market Street, Sydney, on Monday 28 November 2016 at 11:00 am AEDT.

Ordinary Business:

Financial Statements

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

Resolution 1

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

"To adopt the Remuneration Report of the Company for the year ended 30 June 2016."

Resolution 2

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

"That Geoff Cumming a Director who retires by rotation be re-elected".

Resolution 3

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

"That Darryl James Ellis, he having consented to so act, be and is hereby elected as a director".

Resolution 4

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

"That for the purpose of Exception 9 to ASX Listing Rule 7.2 and Section 260C of the *Corporations Act 2001* shareholders approve the establishment of a Medical Australia Limited Employee Share and Option Plan a copy of which is annexed hereto and the terms and conditions thereof".

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and an associate of that person.

However, the Company need not disregard a vote if:

- a) 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
- b) It is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

EXPLANATORY NOTE

ASX Listing Rules and Corporations Act 2011 require that shareholders determine whether or not to approve an Employee Share and Option Plan and the terms and conditions thereof. Terms of the Medical Australia Limited Employee Share and Option Plan are annexed to this Notice. The exercise price of options issued under the Employee Option Plan will be determined by the Board at the time of issue.

By Order of the Board

Dated: 21st October 2016

Ian Mitchell
Director/Company Secretary

PROXY FORM

I/We.....
of.....

being a member/members of Medical Australia Limited HEREBY APPOINT

or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Members of the Company to be held at 11:00 am on 28 November 2016 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate voting boxes below:

Resolution	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Geoff Cumming as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Darryl Ellis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of MLA Employee Share and Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important information if the Chairman of the Meeting is your proxy or is appointed as your proxy by default.

If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by marking the voting boxes above (for example if you wish to vote for, against or abstain from voting). If you do not so direct the Chairman then the Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

Signature of Security holder(s) *This section must be completed.*

Dated this day of 2016

Signatures of Securityholder(s).

Individual Securityholder(s)

Sole Director & Company
Secretary

Director/Company
Secretary

Proxy Form

For your vote to be effective it must be received by 11:00am AEST on 24 November 2016.

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each on Page 4 of this Notice.

A proxy need not be a security holder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the security holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate security holder or

proxy is to attend the meeting you will need to provide the appropriate Certificate of Appointment of Corporate Representative" prior to admission.

Lodgement of Proxy Appointment Form

Proxy Appointment Forms and proxy appointment authorities, for example, the original or a certified copy of the power of attorney (if the Proxy Appointment Form is signed by an attorney) must be received:

- C/- Websters, Solicitors at Level 11, 37 Bligh Street, Sydney NSW 2000: or
- by fax, on fax number +61 2 9233 3828.

not later than 48 hours before the time appointed for holding the Annual General Meeting.

Documents received after that time will not be valid for the scheduled meeting.

Notes

The Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the proxy form are part of this Notice of Annual General Meeting.

Entitlement to vote

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), for the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at 5.00 pm AEDT on 24 November 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Proxies

1. A member entitled to attend and vote at the Annual General Meeting convened by this Notice of Meeting has a right to appoint a proxy to attend and vote instead of the member. The appointment of a proxy may specify the proportion of the number of votes that the proxy may exercise. Fractions of votes will be disregarded.
2. A proxy need not be a member and can be either an individual or a body corporate. If a member appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
 - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

3. A member that is entitled to cast two (2) or more votes may appoint up to two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. Fractions of votes will be disregarded.
4. Appointment of a proxy by a member being a natural person must be under the hand of the member or of an attorney appointed in writing by the member.
5. Appointment of a proxy by a member being a body corporate must be under the common seal of the body corporate or under the hand of an attorney appointed in writing by the body corporate.
6. If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is

lodged.

7. To vote by proxy, please complete and sign the proxy form enclosed and return it to the Company's registered office:

C/- Websters, Solicitors
Level 11, 37 Bligh Street,
Sydney NSW 2000

OR

by facsimile: 02 9233 3828 International: +61 2 9233 3828

by no later than 11:00am AEDT on 24 November 2016.

Medical Australia Limited
ACN 096 048 912

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at the Annual General Meeting to be held at the Offices of Nexia Australia, Level 16, 1 Market Street, Sydney, on Monday 28 November 2016 at 11:00am AEDT.

Financial Report

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2016 will be tabled before the meeting and is enclosed with this Notice of Meeting. There is no requirement for shareholders to approve these reports, however, the Chair of the meeting will allow a reasonable opportunity for shareholders to ask questions about the conduct of the audit and the content of the Auditor's Report.

1. Adoption of Remuneration Report

The remuneration report of the Company for the financial year ended 30 June 2016 ("Remuneration Report") is set out on pages 7 to **10** of the Company's 2016 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for Directors, including the Managing Director and executive officers. The Chair of the meeting will allow a reasonable opportunity for shareholders to ask questions about or make comments on the Remuneration Report at the meeting.

In addition, shareholders will be asked to vote on the Remuneration Report. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, shareholders will then vote to determine whether the Directors, excluding the Managing Director, will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

A vote on the resolution must not be cast (in any capacity) by or on behalf of either of the following classes of persons:

- (a) A member of the key management personnel details of whose remuneration are included in the remuneration report;
- (b) A closely related party of such a member.

However such a person may cast a vote on the resolution if:

- (a) The person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

(b) The vote is not cast on behalf of such a person.

2. Re-election of Geoff Cumming as a Director

Pursuant to Listing Rule 14.4, a Director must not hold office without re-election past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election.

Pursuant to article 58 of the Company's Constitution and the Corporations Act, Geoff Cumming retires by rotation and, being eligible, offers himself for re-election.

3. Election of Darryl James Ellis as a Director

Darryl Ellis was appointed as Chief Executive Office of the Company on 27 November 2014. Darryl has been nominated to be a Director of the Company pursuant to Article 53 of the Constitution of the Company and, being eligible and having consented to so act, offers himself for election at this meeting.

4. Approval of MLA Employee Share and Option Plan

The Company is required to seek shareholder approval for the issue of securities under any Employee Share and Option Plan pursuant to ASX Listing Rule 7.2 Exception 9(b) before issuing any securities thereunder and, accordingly, this resolution is put to shareholders in order to obtain such approval.

No specific Securities are proposed to be offered to employees under this Plan at this time as Directors are still developing their policy in relation thereto.

Dated: 21st October 2016

Ian B. Mitchell
Director/Secretary

Employee Share and Option Plan

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

“Associate” has the same meaning as in section 139GE of the Income Tax Assessment Act, except that “taxpayer” shall be construed as a reference to “Participant”.

“Associated Body Corporate” means any:

- (a) related body corporate of the Company; and
- (b) entity designated by the Board, in its discretion, to be an associated company for the purposes of the Plan.

“ASX” means ASX Limited.

“Board” means all or some of the Directors of the Company acting as a board.

“Business Day” means any day that is not Saturday, Sunday or public holiday in New South Wales.

“Change of Control Event” means:

- (a) the Company entering into a scheme of arrangement with its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the commencement of a Takeover Period; or
- (c) a person or a group of associated persons having a relevant interest in, subsequent to the adoption of these Rules, sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

“Company” means Medical Australia Limited ACN 096 048 912.

“Exercise Price” means in relation to a Share to be issued upon exercise of an Option the issue price of that Share as determined in accordance with clause 6.2 of these Rules.

“Expiry Date” means in relation to an Option the date of its expiry as determined in accordance with clause 6.3 of these Rules.

"Issue Date" means the date determined by the Board as the date on which an Option is granted or a share allotted.

"Listing Rules" means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any waiver by ASX.

"Official List" means the Official List of entities that ASX has admitted and not removed.

"Option" means an option issued under this Plan to subscribe for Shares.

"Participant" means an employee (including an executive or non executive Director) or a full-time or part-time employee of the Company or an Associated Body Corporate, who is invited by the Board to participate in the Plan and subscribes for shares or is issued Options under the Plan.

"Plan" means this Employee Share and Option Plan as in force and amended from time to time.

"Rules" means these Rules of the Plan as altered or added to from time to time and a reference to a provision of these Rules is a reference to that provision as altered or added to from time to time.

"Secretary" means the Secretary or a Secretary of the Company from time to time.

"Share" means an ordinary share in the capital of the Company.

"Takeover Period" in relation to a takeover bid in respect of Shares means the period referred to in section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the takeover period shall be deemed to have commenced at the time of that announcement.

1.2 Interpretation

For the purposes of these Rules, unless the contrary intention appears:

- (a) the singular includes the plural and vice-versa;
- (b) words denoting a gender include all genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to a related body corporate of the Company is a reference to a body corporate which is so related within the meaning of the Corporations Act;

- (e) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements or any of them; and
- (f) any power, authority or discretion vested in the Company or the Board may be exercised at any time and from time to time and unless expressed otherwise, in their absolute discretion.

2. OFFER OF SHARES OR GRANT OF OPTIONS

2.1 General Eligibility

At any time and from time to time, the Board may offer shares or issue Options to Participants (or to a nominated Associate as the Participant directs) having regard, in each case, to:

- (a) the contribution to the Company which has been made by the Participant;
- (b) the period of employment of the Participant with the Company, including (but not limited to) the years of service by that Participant;
- (c) the potential contribution of the Participant to the Company; and
- (d) any other matters which the Board considers in its absolute discretion, to be relevant.

2.2 Option Terms

Options must be granted in accordance with these Rules and may be granted on such additional terms, conditions and restrictions, not being inconsistent with these Rules as the Board determines either generally or in relation to particular Options.

2.3 Price of Options

Options are to be issued free to Participants. Shares may be offered at such prices as the Directors shall from time to time determine.

2.4 Issue of Options

Each Option must be issued on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance by that Participant of an Option.

3. MAXIMUM NUMBER OF SHARES AND OPTIONS

A Share may not be offered or an Option may not be issued if, immediately following its issue, the number of Shares together with the number of Options which have been issued under the Plan and remain capable of being exercised after disregarding any issues that can be disregarded under the Corporations Act or applicable Class Orders, would exceed 5% of the total number of Shares then on

issue, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act or Listing Rule requirements.

4. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding anything else in these Rules or in the terms of any Option, a Share or an Option may not be offered, issued, or exercised if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence or in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable expense in the circumstances.

5. ADMINISTRATION OF THE PLAN

5.1 Delegation

The Plan shall be in all respects administered under the directions of the Board or a committee of the Board. The Board or committee may appoint, for the proper administration and management of the Plan, such secretarial or executives or staff or other persons as it considers desirable and may delegate to those persons such powers and authorities as may be necessary or desirable for the administration and management of the Plan.

5.2 Procedures

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as it considers appropriate. If any disagreement or dispute with respect to the interpretation of these Rules or the terms of grant of any Option arises, such disagreement or dispute shall be referred to the Board and the decision of the Board shall, in the absence of manifest error, be final and binding upon all parties.

5.3 Covenant or exercise of discretion

The Company or an Associated Body Corporate or the Board may, subject to any express provision in these Rules, the Listing Rules or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution; or
- (b) conditionally or unconditionally give or withhold any consent or approval,

as contemplated by these Rules in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

6. KEY TERMS

- 6.1 Each Option entitles the holder to subscribe for and be issued, credited as fully paid, the number of Shares specified in the Option.
- 6.2 The Price of a Share to be issued on exercise of an Option shall be such Price as determined by the Board (in its discretion) on or before the Issue Date.
- 6.3 The Expiry Date of any Option shall be that date as the Board, in its absolute discretion determines, on or before the Issue Date.
- 6.4 Subject to these Rules, the Company shall issue Shares on exercise of an Option in accordance with the Listing Rules and shall cause a holding statement to be issued, for Shares so issued within 10 Business Days after the date of exercise of the relevant Option.
- 6.5 Shares allotted under the Plan and Shares issued on the exercise of Options will rank pari passu with all existing Shares in the capital of the Company from the date of allotment of those Shares.
- 6.6 This plan will be a tax deferred scheme and, where applicable, deferred tax arrangements will apply in respect of shares and / or options allotted under the Plan. The Plan will also constitute a salary sacrifice arrangement to acquire securities in the Company.

7. EXERCISE OF OPTIONS

- 7.1 Subject to **clause 7.2** of these Rules, an Option is exercisable by the holder lodging with the Company Secretary:
 - (a) a notice of exercise of that Option in the form attached to these Rules;
 - (b) a cheque, or an application for a Loan in the approved form (or a combination of both), for the Exercise Price for each Share to be issued on the exercise of that Option; and
 - (c) the certificate for that Option.

In the event of the death of a holder of Options, those Options are exercisable by the executor of the estate of the holder in the same manner as set out above.

- 7.2 An Option must be exercised (if at all) not later than its Expiry Date and, subject to this **clause 7**, may only be exercised at any time after the Option has been vested and before its Expiry Date. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with these Rules that apply to an Option. The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time. If the Participant exercises less than all Options represented by the certificate then the Company will cancel the certificate and issue a new certificate for the balance.

7.3 An Option held by a Participant will immediately lapse upon the first to occur of:

- (a) its Expiry Date;
- (b) the making by the Board of a determination that:
 - (i) the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or an Associated Body Corporate; and
 - (ii) the Option is on that account to be forfeited;
- (c) the Participant ceasing to be employed by the Company or an Associated Body Corporate for any reason (or, in the case of an Option held by a nominated Associate, the employment of the nominating Participant is terminated) except where the Participant ceases to be employed as a direct result of the disposal or sale of the Company or Associated Body Corporate (in which case, for the avoidance of doubt, such Options shall not lapse by virtue of that event alone);
- (d) the day which is 30 days following any person or corporation having a relevant interest in not less than 90% of the Shares; or
- (e) the day which is 10 days following the Company issuing a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares.

7.4 For the purposes of **clause 7.3(c)** of these Rules, a Participant shall be deemed to have ceased to be employed by the Company or an Associated Body Corporate:

- (a) on the day which is six months after the day the Participant ceases to be employed by the Company or an Associated Body Corporate by virtue of:
 - (i) the Participant's death; or
 - (ii) the Participant being retrenched or made redundant by the Company or an Associated Body Corporate (other than as a direct result of the disposal or sale of the Company or Associated Body Corporate); and
- (b) on the later of 21 days following the Participant ceasing to be employed by the Company or an Associated Body Corporate or such later date that the Board determines in its absolute discretion where the Participant ceases to be employed by virtue of:
 - (iii) the Participant retiring; or

(iv) the Participant's permanent illness or permanent physical or mental incapacity (as certified by a medical practitioner who is approved in writing by the Board).

7.5 If, in the opinion of the Board, a Change of Control Event has occurred, or is likely to occur, the Board may declare an Option to be free of any conditions of exercise and Options which are so declared may, subject to **clause 7.3** of these Rules, be exercised at any time on or before the Expiry Date and in any number.

7.6 If any person or corporation having a relevant interest in not less than 90% of the Shares or the Company issues a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares, all Options shall be free of any conditions of exercise and may be exercised at any time prior to their lapsing pursuant to **clause 7.3** of these Rules.

8. TRANSFER

An Option is personal to the Participant to whom it was granted, and the Participant may not sell, transfer or otherwise dispose of, or make a declaration of trust in respect of, it except to an Associate of that Participant.

9. QUOTATION OF OPTIONS AND SHARES

Options will not be listed for quotation on ASX, however, the Company will make application for official quotation of Shares allotted under the plan or shares issued on the exercise of Options to ASX and to each other stock exchange on which Shares are listed at the time.

10. FUTURE ISSUES OF SHARES

10.1 New Issues

There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced. Participants shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to these Rules prior to the date for determining entitlements to participate in any such issue.

10.2 If there is a pro rata issue of securities (except a bonus issue) to the holders of the underlying securities of the Company, the exercise price of an option may be reduced as provided in ASX Listing Rule 6.22.2

10.3 Bonus Issues

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Participant holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him or her upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Participant may subscribe pursuant to the exercise of those Options immediately before the record date for determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the Options.

11. RECONSTRUCTION OF CAPITAL

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Participant is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of ASX Listing Rule 6.23.

12. ADVICE

12.1 The Company shall give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued on exercise of an Option or the exercise price per Share in accordance with the Listing Rules.

12.2 The Company will provide to a Participant upon request, within a reasonable time, either verbally or in writing, details of the current market price (in Australian dollars) of the Shares in the Company and details of the Exercise Price in relation to Options held by that Participant.

13. NOTICES

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.

14. RIGHT TO ACCOUNTS

Participants will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

15. ASSIGNMENT OF OPTIONS

Subject to **clause 8** of these Rules, a Participant may not assign or transfer an Option except during a Takeover Period, in which case the Options may only be transferred by the Participant to the bidder or its nominees in accordance with the Corporations Act.

16. COMPANY'S RIGHTS NOT WAIVED

16.1 The Company's right to terminate or vary the terms of employment of any Participant shall not be prejudiced in any way by the Company or any Participant participating in the Plan or anything contained in these Rules or both. Further, participation in the Plan, the rights or benefits of a Participant under these Rules or the inability or restricted ability of a Participant to exercise an Option or any of them, shall not be used as grounds for granting or increasing damages in any action brought by any Participant against the Company whether in respect of any alleged wrongful dismissal or otherwise.

16.2 None of the Company, its directors, officers or employees represents that the Company's share price will attain, maintain or exceed the Exercise Price. A Participant who chooses to exercise any Option does so at his own risk in that he may suffer financial detriment if the Company's share price falls.

17. GOVERNING LAW

This Plan and these Rules shall in all respects be governed by and shall be construed in accordance with the laws of New South Wales.

18. SEVERANCE

If any provision in these Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which shall continue in full force and effect.

19. AMENDMENT OF RULES

Subject to and in accordance with the Listing Rules (including any waiver granted under the Listing Rules):

- (a) subject to **clause 19(b)** of these Rules, the Board may from time to time amend (including the power to revoke, add to or vary) all or any of the provisions of these Rules in any respect whatsoever, by an instrument in writing without the necessity of obtaining the prior or subsequent consent of shareholders of the Company or any Associated Body Corporate in a general meeting;
- (b) the Board may make any amendment to these Rules with retrospective effect as the Board may determine in good faith, providing that the Board obtains the prior approval of at least 50% of Participants who shall be adversely affected by the retrospective amendment in relation to Options previously granted to them.

20. SUSPENSION OR TERMINATION OF THE PLAN

The Board may suspend or terminate the Plan at any time, in which case the Company shall not make any further grants of Options under the Plan during the suspended or terminated period. However, during that period the Board shall otherwise continue to administer the Plan in accordance with these Rules until all Options have been exercised or expired.

FORM OF NOTICE OF EXERCISE

The Company Secretary
Medical Australia Limited
C/- Websters Solicitors
Level 11, 37 Bligh Street
SYDNEY NSW 2000

Dear Sir/Madam

[Name of Optionholder] hereby gives notice of the exercise of **[number of Options]** issued pursuant to the Company's Employee Share Option Plan and exercisable at **[\$]**.

The certificate for these Options, along with a cheque made payable to "Robust Resources Limited" for **[\$]** (being the total of the exercise price payable on the exercise of these Options), is enclosed.

[Optionholder to sign]

Individual:

SIGNED by _____ in _____)
in the presence of: _____)

.....

.....
Witness

.....
Name of Witness (print)

Company:

EXECUTED by _____ in _____)
accordance with section 127 of the _____)
Corporations Act by: _____)

.....
Secretary

.....
Director

.....
Name of Secretary/Director (print)

.....
Name of Director (print)