

# IDT AUSTRALIA LIMITED

ABN 66 006 522 970

Notice of Annual General Meeting  
And  
Explanatory Memorandum

18 October 2016

# **IDT AUSTRALIA LIMITED**

ABN 66 006 522 970

## **Notice of Annual General Meeting**

Notice is given for a General Meeting of the Company to be held at 45 Wadhurst Drive, Boronia, Victoria, 3155 at 10.00am (AEDT) on 18 October 2016.

## **AGENDA**

### **Business**

#### **1. Accounts and Reports**

To receive and consider the financial statements and the reports of the Directors and of the Auditors for the year ended 30 June 2016.

#### **2. Resolution 1: Adoption of Remuneration Report**

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

*"That the Remuneration Report for the year ended 30 June 2016 as set out in the Company's Annual Report for the year ended 30 June 2016 be adopted."*

*\*Please note that section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the Directors or the Company.*

#### **3. Resolution 2: Re-election of Mr Geoffrey Lord**

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

*"To elect Mr Geoffrey Lord who retires by rotation in accordance with Listing Rule 14.4 and Rule 16.1(b) of the Company's Constitution and being eligible, offers himself for re-election as a Director."*

#### **4. Resolution 3: Re-election of Dr Graeme Blackman**

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

*"To elect Dr Graeme Blackman who retires by rotation in accordance with Listing Rule 14.4 and Rule 16.1(b) of the Company's Constitution and being eligible, offers himself for re-election as a Director."*

#### **5. Resolution 4: Ratification of Share issue to Institutional and Sophisticated Investors**

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

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 7,539,056 Shares at an issue price of \$0.22 per Share to Institutional and Sophisticated Investors pursuant to a placement announced to market on 30 June 2016, being on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

## **6. Resolution 5: Approval of Increased Placement Capacity**

To consider and, if thought fit, to pass the following resolution 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 in the Explanatory Memorandum."*

## **7. Resolution 6: Approval of Employee Share Plan**

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

*"That, for the purposes of ASX Listing Rule 7.2 exception 9 and section 259B(2) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the adoption by the Company of the new Employee Share Plan as outlined in the Explanatory Memorandum which accompanies this Notice of Meeting together with the Company being permitted to take security over its Shares issued pursuant to the new Employee Share Plan."*

**By order of the Board**

**Joanna Johnson and David Sparling**  
**Joint Company Secretaries**  
8 September 2016

## **Explanatory Notes**

### **Snapshot Date**

For the purposes of voting at this meeting, the directors have determined that all Shares of the Company that are quoted securities at 7.00 pm (AEDT) on 16 October 2016 are taken to be held by the persons who are registered as holding them at that time. The entitlement of members to vote at the meeting will be determined by reference to that time.

### **Questions and Comments**

The Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the resolutions.

### **Proxies**

A member entitled to vote may vote their Shares directly by completing Step 2 on the enclosed Proxy Form and returning the Proxy Form as indicated below. In this case a member is not appointing a proxy. Members voting directly should complete a "for" or "against" for each resolution. A vote of "abstain" for a direct vote will result in the Shares represented by that vote not counting towards a majority vote. If no direction is given for a particular resolution and no proxy appointed, the vote (other than a vote with respect to Resolution 1) will be passed to the Chairman of the meeting to vote as that member's undirected proxy.

If you are entitled to vote at the meeting you have the right to appoint a proxy to attend and vote in your place. To appoint a proxy you should complete the first section of Step 1 on the attached Proxy Form. The proxy need not be a Shareholder of the Company. If you are entitled to cast 2 or more votes you may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the proxy appointments do not specify the proportion or number of your votes that each proxy may exercise, each proxy may exercise half your votes. If there is more than one proxy appointed, on a show of hands only one of the proxies may vote, but on a poll, each proxy may exercise votes in respect of those Shares the proxy represents.

The Chairman intends to vote all undirected proxies in favour of the Resolutions put in the Notice of Meeting.

Subject to the specific proxy provisions applying to Resolution 1 (please refer below):

- (a) if a member has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- (b) if a member appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an Item of Business, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

**Notes re Resolution 1:** If a member (who is not an Excluded Voter) has appointed as their proxy an Excluded Voter, and directed that proxy how to vote with respect to Resolution 1, the Excluded Voter may only vote upon Resolution 1 as directed by the member. To direct the Excluded Voter as proxy the member must either:

- (a) complete a "for" or "against" or "abstain" at Step 2 of the Proxy Form for Resolution 1 (Item 2 of the Items of Business), or

- (b) tick the Chairman's undirected proxy (remuneration authorisation) box the second section of Step 1 on the Proxy Form (in which case the member is directing the Chairman to vote with respect to Resolution 1 in accordance with the Chairman's stated intention, namely "for" Resolution 1).

If you appoint as your proxy an Excluded Voter **other than** the Chairman, you can only direct the proxy with respect to Resolution 1 by completing the Proxy Form as described in (a) above, not as described in (b) above.

An **Excluded Voter** for these purposes means collectively one of the Key Management Personnel (as set out on page 10 of the Company's 2016 Annual Report (a copy of which can be found on the Company's website [www.idtaus.com.au](http://www.idtaus.com.au)) and is defined in the Corporations Act to include the Chairman) (**KMP**) or one of KMP's closely related parties (which includes a spouse, dependent and certain other close family members and companies controlled by the KMP).

Proxy forms must be received by Link Market Services Limited no later than 7.00pm (AEDT) on 16 October 2016. Proxy forms may be lodged using the reply paid envelope or:

**Online:**

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Shareholders will need their "Holder Identifier" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**By mail:**

IDT Australia Limited  
c/~ Link Market Services Limited  
Locked Bag A14, Sydney South NSW 1235 Australia  
Share Registry Telephone +61 1300 554 474

**By Fax:**

(02) 9287 0309 (from within Australia)  
+61 2 9287 0309 (from outside Australia)

**By hand:**

Delivering it to Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street Sydney NSW 2000

A proxy form accompanies this Notice of General Meeting. Additional proxy forms are available on request from the registered office of the Company or its share registrar.

**Bodies Corporate**

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a company's shareholders or in the capacity of a shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution.

# **IDT AUSTRALIA LIMITED**

ABN 66 006 522 970

## **Explanatory Memorandum**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held on 18 October 2016.

### **1. Accounts and Reports**

The Corporations Act requires the Company to lay before the Annual General Meeting, the Financial Report, The Report of Directors (including the Remuneration Report) and the Auditor's Report for the financial year ended 30 June 2016.

Shareholders will be offered the opportunity to discuss the Financial Report, The Report of Directors and Auditor's Report at the meeting. Copies of these reports can be found on the Company's website [www.idtaus.com.au](http://www.idtaus.com.au).

There is no requirement for Shareholders to approve the Financial Report, The Report of Directors and Auditor's Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2016;
- (b) ask questions or make comments on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the Auditor's Report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

### **2. Resolution 1: Adoption of Remuneration Report**

Under the Corporations Act, listed entities are required to put to the vote a resolution that the Remuneration Report section of the Report of Directors be adopted. This Remuneration Report can be found in the Company's 2016 Annual Report. It sets out a range of matters relating to the remuneration of Directors and Key Management Personnel of the Company.

A vote on this resolution is advisory only and does not bind the Directors or the Company. A copy of the Company's 2016 Annual Report can be found on its website at [www.idtaus.com.au](http://www.idtaus.com.au).

The Corporations Act provides that:

- (a) members of the Key Management Personnel whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report, and
- (b) if the vote to approve the Remuneration Report receives a "no" vote by at least 25% of the votes cast, this will constitute a "first strike".

As no "strike" occurred at the IDT 2015 annual general meeting, the current "strike" count is zero. If a "first strike" was to occur at the 2016 Annual General Meeting:

- (c) the Company's subsequent Remuneration Report (in other words, the Company's Remuneration Report to be included in the 2017 Annual Report) must include an explanation of the Board's proposed action in response to the "no vote" or an explanation of why no action has been taken; and
- (d) if the Company's subsequent (i.e. 2017) Remuneration Report also receives a "no vote" at the 2017 annual general meeting of at least 25% of the votes cast, then Shareholders at the 2017 annual general meeting will be asked (at that 2017 annual general meeting) to vote on whether or not the Company is to hold another general Shareholder's meeting (within the following 90 days) to vote on a "spill resolution" under section 250V of the Corporations Act.

## 2.1 Voting Exclusion statement

### **Voting exclusion:**

The Company will disregard any votes cast on Resolution 1 by:

- (a) a member of the Key Management Personnel; and
- (b) a Closely Related Party of those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, the proxy does not specify the way in which the chair is to vote on the resolution and the proxy 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.

## **2.2 IDT Board Recommendation**

As set out in the Notice of Annual General Meeting, any member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, together with a closely related party of those members, are excluded from casting a vote on Resolution 1.

Accordingly, the Board abstains from making a recommendation in relation to Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

## **3. Resolutions 2 and 3: Re-election of Mr Geoffrey Lord and Dr Graeme Blackman**

Rule 16.1 of the Company's Constitution provides that at the Annual General Meeting in every year, one third of the Directors must retire, and being eligible may offer themselves for re-election. The Director(s) to retire by rotation at each annual general meeting are those who have been longest in office. The length of time a Director has been in office is computed from that Director's last election. The Managing Director and Directors appointed to fill casual vacancies are not to be taken into account in determining which Directors are to retire by rotation.

As at the date of this Notice of Meeting, the Board of the Company comprised of six Directors who are subject to rotation. The Directors longest in office are Mr Geoffrey Lord and Dr Graeme Blackman. As the 'one third' calculation means not less than one third, two of the Directors 'longest in office' must resign and may offer themselves for re-election for the purposes of compliance with Rule 16.1(b) of the Constitution. Mr Geoffrey Lord and Dr Graeme Blackman retire by rotation at this Annual General Meeting.

Mr Geoffrey Lord and Dr Graeme Blackman, both being eligible, offer themselves for re-election.

Information regarding the two Directors is as follows:

### **Resolution 2**

Mr Geoffrey Lord BEc (Hons), MBA (Distn), ASSA, AICD

- Non-executive director since 1998, appointed Deputy Chairman of the Board in 2008. Member of the Nomination and Remuneration Committees.
- Formerly Chief Executive and Deputy Chairman of Elders Resources Limited.
- Presently Chairman and Chief Executive of Belgravia Group Pty Ltd. Director of Maxitans Industries Limited (since 2000), Director of Melbourne Business School (since 2015).
- Former Directorships in the last 3 years: Former Chairman of LCM Litigation Fund, Non-executive Chairman of UXC Limited (2002-2016).



### **Resolution 3**

Dr Graeme Blackman OAM: BSc(Hons), PhD, FRACI, FAICD, FTSE, FloD.

- Chairman (1986-2013), Managing Director (1986-2007). Member of Nomination and Remuneration Committee.
- Formerly Professor of Pharmaceutical Chemistry, Victorian College of Pharmacy. Extensive experience in research and development and commercial scientific consulting.
- Other Current Directorships: None. Former Directorships in Last 3 Years: None.

## **4. Resolution 4: Ratification of Share issue to Institutional and Sophisticated Investors**

The Company is seeking Shareholder approval under Listing Rule 7.4 for ratification and approval of the issue by the Company on 30 June 2016 to Institutional and Sophisticated Investors of 27,727,300 Shares at a subscription price of \$0.22 per Share pursuant to a placement as announced on 30 June 2016 (**Placement**).

A total of 27,727,300 Shares were issued to Institutional and Sophisticated Investors under the Placement representing 12.64% of the Company's Share capital. A total of 20,188,244 Shares were issued pursuant to ASX Listing Rule 7.1A (which are not the subject of this resolution 4) and a total of 7,539,056 Shares were issued pursuant to ASX Listing Rule 7.1 (**Relevant Issue**). The Placement was made without prior shareholder approval.

Under Listing Rule 7.1, the Company may issue up to 15% of its ordinary share capital in any 12-month rolling period without prior shareholder approval. The ability to issue shares pursuant to Listing Rule 7.1A is only valid for a period of 12 months from the annual general meeting at which it received shareholder approval and so the Company will not seek shareholder approval under Listing Rule 7.4 to that part of the Placement represented by the shares issued under Listing Rule 7.1A. Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue (and thereby refresh the Company's ability in the future to issue additional new shares of the same quantity as the Relevant Issue without obtaining prior shareholder approval).

The Relevant Issue of the Placement Shares to the Subscribers was within the 15% limitation imposed by ASX Listing Rule 7.1, however the Company is now seeking Shareholder ratification and approval for the issue of these Shares.

### **4.1 Regulatory Requirements – Resolution 4**

The ASX Listing Rules set out a number of regulatory requirements that must be satisfied in relation to the ratification of the issue of securities under resolution 4. These are summarised below.

#### 4.2 Information required under ASX Listing Rule 7.5 – Resolution 4

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

<b>The number of securities issued:</b>	7,539,056
<b>The issue price of the securities:</b>	\$0.22
<b>The names of the allottees or the basis upon which those persons were allotted:</b>	<i>Institutional and Sophisticated Investors to whom disclosure under Chapter 6D of the Corporations Act was not required.</i>
<b>The terms of the securities</b>	<i>Fully paid ordinary shares</i>
<b>The intended use of the funds raised:</b>	<i>The funds raised under the Placement are to be used to build inventory for Temozolomide launch in the US market and to accelerate commercialisation of other priority drugs in IDT's generic drug portfolio.</i>

#### 4.3 Effect of passing of Resolution 4

Resolution 4, if passed, will enable the Company to retain the flexibility to issue equity securities within the next 12 months up to the 15% threshold (with respect to issues pursuant to ASX Listing Rule 7.1) without the requirement to obtain prior Shareholder approval.

#### 4.4 IDT Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

#### 4.5 Voting Exclusion

<b>Voting exclusion:</b>
The Company will disregard any votes cast on Resolution 4 by:
(a) Institutional and Sophisticated Investors who participated in the Relevant Issue; and
(b) a Closely Related Party of those persons.
However, the Company need not disregard a vote if:
(c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
(d) 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.

## 5. Resolution 5 – Approval of Increased Placement Capacity

### 5.1 General

Listing Rule 7.1A enables eligible entities, after obtaining shareholder approval at an annual general meeting, to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's up to 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

### 5.2 Description of Listing Rule 7.1A

Any equity securities issued under the 10% Placement Facility (**Placement Securities**) must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has on issue one class of equity securities, being Ordinary Shares.

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).

#### (a) Calculation of Additional Capacity

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 Placement Securities calculated in accordance with the following formula:

$$\text{Additional capacity} = (A \times D) - E$$

where:

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

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid shares that became fully paid in the 12 months;

(c) plus the number of fully paid shares issued in the 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 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.

**(b) Minimum Issue Price**

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

**(c) 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), or such longer period if allowed by ASX (**10% Placement Period**).

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

**5.3 Specific information required by Listing Rule 7.3A**

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

**(a) Minimum issue price**

The minimum price the Placement Securities will be issued at is the price determined in accordance with the ASX Listing Rule 7.1A.3, as described in section 5.2(b) above.

The actual number of Placement Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(a) above).

**(b) Effect on existing (non-participating) Shareholders**

If Resolution 5 is approved by Shareholders and the Company issues Placement Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted. The below table provides examples of different levels of Shareholder potential dilution where different prices are assumed (for illustrative purposes only). 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 Placement Securities than on the date of the Annual General Meeting; and
- (ii) the Placement 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 or the Placement Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Placement Securities.

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

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 as at the date of this Notice of Meeting. 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 where the issue price of ordinary shares has decreased by 50% and increased by 50% as against the current market price.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Placement Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) 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 Annual General Meeting.
- (iv) The table shows only the effect of issues of Placement Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Placement Securities under the 10% Placement Facility consists only of Ordinary Shares

(vi) The issue price is \$0.23, being the closing price of the Shares on ASX on 30 August 2016.

<b>Variable 'A' in Listing Rule 7.1A.2</b>		<b>\$0.115 50% decrease in Issue Price</b>	<b>\$0.23 Issue Price</b>	<b>\$0.345 50% increase in Issue Price</b>
<b>Current Variable A</b>  202,090,741	<b>10% Voting Dilution</b>	20,209,074 shares	20,209,074 shares	20,209,074 shares
	<b>Funds raised</b>	\$2,324,043	\$4,648,087	\$6,972,130
<b>50 % increase in current Variable A</b>  303,136,111	10% Voting Dilution	30,313,611 shares	30,313,611 shares	30,313,611 shares
	<b>Funds raised</b>	\$3,486,065	\$6,972,130	\$10,458,195
<b>100% increase in current Variable A</b>  404,181,482	10% Voting Dilution	40,418,148 shares	40,418,148 shares	40,418,148 shares
	<b>Funds raised</b>	\$4,648,087	\$9,296,174	\$13,944,261

**(c) Date by which Placement Securities may be issued**

The Company will only issue and allot the Placement Shares during the 10% Placement Period, that is at any time up to 18 October 2017. An approval given under Resolution 5 for the issue of the Placement 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) Purposes for which Placement Securities may be issued**

The Company may seek to issue the Placement Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), and/or general working capital.

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

**(e) Company's Share allocation policy**

The Company's Share allocation policy for the issue of equity securities under this 10% Placement Facility is dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, issues in which existing security holders can participate;
- (ii) the effect of the issue of the Placement Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) 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 is successful in acquiring new intellectual property assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new intellectual property assets or investments.

**(f) Issues under previous Listing Rules 7.1A approvals**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meetings on 20 November 2012, 20 November 2013, 23 October 2014 and 19 November 2015.

In the 12 months preceding the date of this 2016 Annual General Meeting the Company has issued 54,392,887 and has cancelled 155,185 fully paid ordinary Shares, and has not issued any unlisted options over ordinary Shares. The net resulting issued securities for this period amounts to 54,392,887 fully paid ordinary Shares, represent 28.18% of the issued capital as at the date of the 2015 Annual General Meeting. The details of each of the above issues are set out in the following table:

Allottees	Class of Shares	Number of Shares Issued	Issue price (and any discount to market price)	Application of subscription monies
Issue of Loan Shares to Dr Paul MacLeman	Fully Paid ordinary	3,600,000	\$0.36	N/A.

<i>Institutional and Sophisticated Investors</i>	Fully Paid ordinary	17,142,857	\$0.35	Funds used to accelerate the commercialisation of the 23 previously marketed US generic drug products IDT acquired in November 2014, as well as fund capacity expansion for IDT's in-house proprietary drug development program and for working capital.
<i>Share Purchase Plan</i>	Fully Paid ordinary	5,714,430	\$0.35	As above
<i>Institutional and Sophisticated Investors</i>	Fully Paid ordinary	27,727,300	\$0.22	Funds to build inventory for Temozolomide launch in US market and to accelerate commercialisation of generic drug portfolio.
<i>Issue under Employee Share Plan</i>	Fully Paid ordinary	208,300	Nil	N/A
<b>TOTAL</b>		<b>54,392,887</b>		

20,188,244 fully paid ordinary Shares were issued under Listing Rule 7.1A in the 12 months prior to the date of this Notice of Meeting.

**(g) Voting Exclusion Statement**

<p><b>Voting exclusion:</b></p> <p>The Company will disregard any votes cast on Resolution 5 by:</p> <p>(a) 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</p> <p>(b) an associate of that person.</p> <p>However, the Company need not disregard a vote if:</p> <p>(c) it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction on the proxy form; or</p>
---



- |     |   |
|-----|---|
| (d) | 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. |
|-----|---|

At the date of this 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 Placement Securities and it is not known to the Company who will participate in any issue under Listing Rule 7.1A. Accordingly as at the date of this Notice the Company does not have an intention to exclude any existing Shareholder's votes under the voting exclusion with respect to Resolution 5.

## 5.4 Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

# 6. RESOLUTION 6 – Approval of Employee Share Plan

## 6.1 New Employee Share Plan

A new employee share plan forming part of the Company's employee remuneration and incentive program was adopted by the Board on 8 September 2016 (**Plan / Employee Share Plan**).

The Plan has been designed to support the achievement of the Company's business strategy by linking executive reward to improvements in the financial performance of the Company.

## 6.2 Corporations Act

Section 259B(1) of the *Corporations Act 2001* (**Act**) provides that a Company may not take security over shares in itself except as permitted by subsections (2) or (3). Section 259B(2) provides that the Company may take security in itself if it does so under an employee share scheme that has been approved by shareholders in general meeting. The Employee Share Plan (the subject of this resolution) is also an '*employee share scheme*' for the purposes of the Act. As the Company will be securing its interests over the Loan Shares (as defined below) pending, and as security for, repayment of the loan, this approval pursuant to Section 259B(1) of the Act is being sought.

## 6.3 ASX Listing Rules

Resolution 6 is proposed to obtain approval for the issue of Shares under the Employee Share Plan under ASX Listing Rule 7.2 exception 9.

Under ASX Listing Rule 7.1 an entity must not issue, or agree to issue, more than fifteen per cent (15%) of its capital without the prior approval of its members. By obtaining approval under ASX Listing Rule 7.2 exception 9, for a period of 3 years Shares may be issued under the Employee Share Plan, without the need to obtain prior shareholder approval pursuant to ASX Listing Rule 7.1 and without reducing its ability to issue up to fifteen per cent (15%) of its capital under Listing Rule 7.1, (subject to the provisions of the ASX Listing Rules).

The Board has the ability to amend the Plan Rules at any time including with retrospective effect, except for any amendments which affect participants' existing entitlements or obligations which require participants' consent, unless the amendment

is primarily to comply with its Constitution, applicable laws or to correct manifest errors. The ASX Listing Rules prevail over the Plan Rules in the event of any conflict between them.

The following information is required to be set out in the Notice of Meeting in accordance with ASX Listing Rule 7.2 exception 9.

#### **6.4 Key terms of the Employee Share Plan are detailed below:**

##### **(a) Invitation to participate**

It is proposed that from time to time, and in its absolute discretion, the Board will invite employees and directors of the Company (**Eligible Employees**) to subscribe for Shares under the Plan (**Shares or Loan Shares**) and, if the Board considers appropriate, to receive a limited recourse loan for all or part of the subscription price for those Loan Shares (see below for Loan terms).

In particular, eligible directors include Graeme Kaufman, Geoffrey Lord, Dr Graeme Blackman, Hugh Burrill, Alan Fisher, Dr Paul MacLeman, Reo Shigeno, and any other person appointed from time to time as a director of the Company.

##### **(b) Total number of Shares available under the Plan**

The number of Shares held by Eligible Employees pursuant to the Plan at any time must not exceed 5% of the total number of issued Shares of the Company.

##### **(c) Issue Price**

The Shares issued under the Plan in response to each invitation will have an issue price of equivalent to the market value of the Shares as at the time of issue.

##### **(d) Loan terms**

The key terms of each limited recourse loan provided under the Plan are as follows:

- (i) the loan may only be applied towards the subscription price for the Loan Shares;
- (ii) the loan will be interest free, provided that if the loan is not repaid by the repayment date set by the Board, the loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning a limited recourse loan application, the participants of the Plan (each a **Participant**) acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it (other than in favour of the Company), by or on behalf of the Participant until the loan is repaid in full to the Company;
- (iv) subject to Shareholder approval of this Resolution 6 the Company has security over the Loan Shares as security for repayment of the loan;
- (v) the loan becomes repayable on (**Repayment Date**) the earliest of:

A) 5 years from the date on which the loan is advanced to the Participant;

B) subject to paragraph 6.4(d)(v)(C), 90 days after the date of the Participant's cessation of employment; or

C) six months after the Participant ceases to be an employee of the Company due to their death (with repayment by the legal personal representative of the deceased Participant);

(vi) notwithstanding paragraph (v) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vii) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the limited recourse loan will be limited to the lesser of (i) the outstanding balance of the limited recourse loan and (ii) the market value of the Loan Shares on that date. In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the limited recourse loan.

**(e) Rights attaching to Loan Shares**

The Loan Shares will rank equally with all other fully paid ordinary Shares on issue in the capital of the Company. Holders of Loan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution. In addition, holders of Loan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

**(f) Sale of Loan Shares**

The Loan Shares may only be sold by a Participant where the loan, or any unpaid part of it, has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is otherwise prohibited without the prior written consent of the Company).

If the loan becomes due and payable under the limited recourse loan agreement and the Participant has not repaid the amount of the loan in full within 21 days of the due date, then the Participant will forfeit their interest in the Loan Shares as full consideration for the repayment of the outstanding loan balance and the Company may either (at its election) take such action in the Participant's name (under a power of attorney) or direct that the Participant take such action in relation to the Loan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back or cancellation of the Loan Shares or selling the Loan Shares.

**(g) Number of Shares issued under the Employee Share Plan**

As the Employee Share Plan is new, no Shares have previously been issued under it.

## 6.5 Voting Exclusion Statement

### **Voting exclusion:**

The Company will disregard any votes cast on Resolution 6 by:

- (a) the Directors of the Company (other than directors who are ineligible to participate in the Employee Share Plan); and
- (b) an associate of that person.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction on the proxy form; or
- (d) 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.

## 6.6 IDT Board Recommendation

As the Board are excluded from voting on this resolution 6 they do not make any recommendation relating to Resolution 6.

## 7. Further information

The Directors are not aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in the notice of general meeting.

The Directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

## Annexure A – Glossary

### Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

**Act** means the Corporations Act 2001 (*Cwth*)

**Annual General Meeting / AGM** mean the annual general meeting of the Company to be held on 18 October 2016 pursuant to the Notice of Meeting.

**ASX** means ASX Limited ACN 008 624 691.

**ASX Listing Rules** means the Listing Rules of the ASX as amended from time to time.

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

**Closely Related Party** has the meaning as provided in Section 9 of the Act, and includes a spouse, child or dependent of a KMP and a company controlled by a KMP

**Company** means IDT Australia Limited ABN 66 006 522 970.

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

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to this Notice.

**Key Management Personnel or KMP** means the key personnel as disclosed in the Remuneration Report.

**Meeting** means the annual general meeting subject to this Notice.

**Notice of Meeting or Notice** means this notice of annual general meeting.

**Remuneration Report** means the remuneration report of the Company for the year ended 30 June 2016 as set out in the Company's Annual Report for the year ended 30 June 2016.

**Resolution** means the resolutions referred to in the Notice of Meeting.

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

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



IDT Australia Limited  
ABN 66 006 522 970

## LODGE YOUR VOTE



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



BY MAIL  
IDT Australia Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



BY FAX  
+61 2 9287 0309



BY HAND  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO  
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of IDT Australia Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEDT) on Tuesday, 18 October 2016 at 45 Wadhurst Drive, Boronia, Victoria, 3155 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

	For	Against	Abstain*	SPECIAL RESOLUTION	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Increased Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Geoffrey Lord	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Dr Graeme Blackman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Ratification of Share issue to Institutional and Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

IDT PRX1601C

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEDT) on Sunday, 16 October 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

IDT Australia Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**