



ACN 108 069 003

Notice of Annual General Meeting

Notice is hereby given that the 2011 Annual General Meeting of shareholders of Excela Limited ACN 108 069 003 ("Company") will be held at Grant Thornton, King George Square Level, 102 Adelaide Street, Brisbane, QLD on Thursday **24 November 2011** at **3.00 pm (Brisbane Time)** to transact the following business:

AGENDA

1. ANNUAL ACCOUNTS

To receive and consider the Directors' Report, the financial statements and the Auditor's Report for the year ended 30 June 2011.

2. ELECTION OF DIRECTOR

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

"Mr. Howard Woolcott, who retires in accordance with Article 6.3(c) of the Constitution, and being eligible, is elected as a director."

3. REMUNERATION REPORT

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

"The Remuneration Report for the year ended 30 June 2011 is adopted."

Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.

4. AMENDMENT OF CONSTITUTION – DEFINED TERMS AND INTERPRETATION

To consider and if thought fit, to pass as a special resolution:

"For the purposes of Section 136 of the Corporations Act 2001 (Cth) and for all other purposes, the Constitution of the Company be modified as follows:

1. *Clause 1.1 of the Constitution be amended by adding the following definition between the definitions of **Alternate Director** and **Auditor**:*

ASX means ASX Limited.

2. *Clause 1.1 of the Constitution be amended by adding the following definition between the definitions of **Executive Director** and **Managing Director**:*

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 express written waiver by ASX.

3. Add a new clause 1.6 to the Constitution as follows:

"If the Company is admitted to the Official List of ASX, the following clauses apply:

- (a) Notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done.*
- (b) Nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done.*
- (c) If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).*
- (d) If the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.*
- (e) If the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.*
- (f) If any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency."*

5. AMENDMENT OF CONSTITUTION – OFF-MARKET TRANSFER PROCEDURE

To consider and if thought fit, to pass as a special resolution:

"For the purposes of Section 136 of the Corporations Act 2001 (Cth) and for all other purposes, the Constitution of the Company be modified as follows:

Clause 22.1 of the Constitution is amended by deleting sub-clause (a) and re-numbering the existing sub-clauses (b) and (c) as (c) and (d) and adding the following provisions as new sub-clauses (a) and (b):

- (a) if applicable, the Directors may require payment of a reasonable fee to register a paper-based transfer in registrable form;*
- (b) the written transfer instrument must be left at the Office or the office of the Company's Share registrar, together with any fee the Directors may require in accordance with this Constitution;"*

6. ESTABLISHMENT OF EQUITY INCENTIVE PLAN

To consider and if thought fit pass as an ordinary resolution:

"That, for the purposes of Exception 9(b) of ASX Listing Rule 7.2, section 260C(4) of the Corporations Act 2001 (Cth), and for all other purposes, approval is hereby given for all securities issued or acquired (as the case may be) under the "Excela Limited Equity Incentive Plan" which is constituted and administered in accordance with the Terms and Conditions of the "Excela Limited Equity Incentive Plan" as described in the Explanatory Statement accompanying this notice."

7. ISSUE OF RIGHTS - MR P SPANN

To consider and if thought fit pass as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant to Peter Spann, Managing Director of up to 187,500 performance rights for nil financial consideration under the "Excela Limited Equity Incentive Plan", on the terms described in the Explanatory Statement accompanying this notice."

8 ISSUE OF RIGHTS - MR M WILLIS

To consider and if thought fit pass as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is hereby given for the grant to Michael Willis, Non Executive Director of up to 57,500 rights for nil financial consideration under the "Excela Limited Equity Incentive Plan", on the terms described in the Explanatory Statement accompanying this notice."

9 ISSUE OF RIGHTS - MR H WOOLCOTT

To consider and if thought fit pass as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is hereby given for the grant to Howard Woolcott, Non Executive Director of up to 35,000 rights for nil financial consideration under the "Excela Limited Equity Incentive Plan", on the terms described in the Explanatory Statement accompanying this notice."

10 ISSUE OF RIGHTS - MR A BENNETT

To consider and if thought fit pass as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is hereby given for the grant to Alan Bennett, Non Executive Director of up to 35,000 rights for nil financial consideration under the "Excela Limited Equity Incentive Plan", on the terms described in the Explanatory Statement accompanying this notice."

By order of the Board

**Craig Burbury
Company Secretary**

24 October 2011

Notes:

- Who may vote** Persons whose names are set out in the register of members of the Company as at 7.00 pm Sydney time on 22 November 2011 are entitled to attend and vote at the meeting convened by this notice.
- Proxies - Appointment** A Member of the Company who is entitled to attend and vote at the meeting has a right to appoint not more than 2 proxies to attend and vote for the Member at the meeting. Where a Member appoints 2 proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. If the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, then each proxy may exercise half of those votes. A proxy need not be a Member of the Company.
- Proxies - Lodgement** To be valid, a proxy form must be received by the Company by 3.00 pm Sydney time on 22 November 2011 ("**Proxy Deadline**"). Proxies may be submitted:
- | | |
|-----------|--|
| IN PERSON | Share registry – Level 12, 680 George Street, Sydney |
| BY MAIL | Link Market Services, Locked Bag A14, Sydney South NSW 1235 |
| BY FAX | +61 02 9287 0309 |
| ONLINE | www.linkmarketservices.com.au |
- A written proxy appointment must be signed by the Member or the Member's attorney. Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.
- Body corporate representative** A Member of the Company who is a body corporate and who is entitled to attend and vote at the meeting, or a proxy who is a body corporate and who is appointed by a Member of the Company entitled to attend and vote at the meeting, may appoint a person to act as its representative at the meeting by providing that person with:
- (a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or
 - (b) a copy of the resolution, certified by the Secretary or a Director of the body corporate, appointing the representative.



SHAREHOLDER VOTING FORM

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

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3:00pm (Brisbane time) on Thursday, 24 November 2011, at Grant Thornton, King George Square Level, 102 Adelaide Street, Brisbane, QLD and at any adjournment or postponement of the meeting.
The Chairman of the Meeting intends to vote all available proxies in favour of all resolutions.

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

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*		For	Against	Abstain*
2 Election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Rights - Mr P Spann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Issue of Rights - Mr M Willis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Amendment of Constitution - Defined Terms and Interpretation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Rights - Mr H Woolcott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Amendment of Constitution - Off-Market Transfer Procedure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Rights - Mr A Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Establishment of Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * 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.

Important for Resolutions 3, 6, 7, 8, 9 and 10 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with his voting intentions on Resolutions 3, 6, 7, 8, 9 and 10 as set out above and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 3, 6, 7, 8, 9 and 10, the Chairman of the Meeting will not cast your votes on Resolutions 3, 6, 7, 8, 9 and 10 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. If you appoint the Chairman of the Meeting as your proxy you can direct him how to vote by either marking the boxes on any or all of the items in Step 2 above (for example if you wish to vote 'for', 'against' or 'abstain' from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolutions 3, 6, 7, 8, 9 and 10).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 3, 6, 7, 8, 9 and 10.

I/we direct the Chairman of the Meeting to vote in accordance with his voting intentions on Resolutions 3, 6, 7, 8, 9 and 10 (except where I/we have indicated a different voting intention above) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 3, 6, 7, 8, 9 and 10 are connected directly or indirectly with the remuneration of a member of the key management personnel and even if the Chairman of the Meeting has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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).



HOW TO COMPLETE THIS 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman 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.

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.
- (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.

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 **3:00pm (Brisbane time) on Tuesday, 22 November 2011**, 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

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:

Excela 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, Level 12, 680 George Street, Sydney NSW 2000.

**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.**

EXCELA LTD

ACN 108 069 003

Explanatory statement

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

1 - Financial statements and reports

The Corporations Act 2001 (Cth) requires the financial report, directors' report and auditor's report to be laid before the meeting. There is no requirement either in the Corporations Act or the Company's Constitution for members to vote on, approve or adopt these reports. Members will have a reasonable opportunity at the meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

2– Election of Directors

Item 2 seeks approval for the election of directors who are retiring under Rule 6.3(c) of the Company's Constitution. This Rule states that one third of Directors must retire at each Annual General Meeting, with the director with the longest time in office since their last re-election or appointment required to stand for re-election.

Howard Woolcott – Non Executive Independent Director

Howard has an economics degree from The University of Sydney, is a Certified Practising Accountant and a member of the Australian Institute of Company Directors. He is a member of the Company's Audit & Risk Committee.

He was a founder and past director of listed public company, Tribeca Learning Limited, an industry leader in accredited financial services education, professional development and compliance solutions for the financial planning industry. Tribeca was subsequently bought by Kaplan Professional.

Howard is the Managing Director of Woolcott Corporate Development Pty Ltd, which provides management and strategic advice to businesses.

Board recommendation

The Board recommends the election of Mr. Woolcott as a Director of the Company.

3 – Remuneration Report

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R of the Corporations Act 2001 (Cth).

The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, executive Directors and senior executives and is set out in the Annual Report.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

4 - Amendment of Constitution – Defined terms and Interpretation

ASX requires a listed company's constitution to be consistent with the ASX Listing Rules. As the Listing Rules change from time to time, ASX has developed a clause for constitutions that says to the extent of any inconsistencies, the provisions of the ASX Listing Rules will prevail over the constitution. The Directors believe it would be prudent to include this clause to ensure the Constitution of the Company complies at all times. The amendment is set out in paragraphs 1, 2 and 3 of the special resolution.

Board recommendation

The Board recommend that Members vote in favour of the resolution to amend the Constitution.

5 - Amendment of Constitution – Off-Market Transfer Procedure

This resolution seeks to amend the Company's Constitution to take account of recent changes to the Listing Rules of ASX.

The Company's share registry, Link Market Services Ltd (Link), has advised that, following recent changes to the ASX Listing Rules, it will be implementing additional security checks for all off-market or paper transfers to prevent fraud in the marketplace. Due to the additional work to be undertaken for these transfers, Link now intends to charge a fee to Members undertaking an off-market transfer of \$55 per transaction (inclusive of GST).

Under clause 22.1(a) of the Company's Constitution, the Directors may only require a fee of \$1 or less for registration of a written share transfer. The Directors do not believe it would be fair to all Members for the Company to bear this fee and believe it should be paid by the Member that is transferring shares.

Board recommendation

The Board recommend that members vote in favour of the resolution to amend clause 22.1 of the Constitution.

6 – Establishment of Equity Incentive Plan

The Directors of the Company seek approval of the Excelsa Limited Equity Incentive Plan (**EIP or Plan**) in accordance with ASX Listing Rule 7.2, Exception 9(b). Under ASX Listing Rule 7.1, companies are generally restricted from issuing more than 15% of their issued share capital in any 12 month period without shareholder approval. There are a number of exceptions to this restriction, including Exception 9(b), which applies to an issue of securities under an employee incentive scheme if, within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

The Board has the power to establish the EIP and to issue securities, within the 15% limit permitted by ASX Listing Rule 7.1. The Company is requesting that Shareholders approve the terms of the EIP so that the Company will have the flexibility to issue securities as an exception to ASX Listing Rule 7.1 for the next three years.

The securities issued under the EIP includes Options over, and Rights to, shares. In accordance with ASX Listing Rule 7.1, Exception 4, any shares issued as a result of the conversion of Rights or exercise of Options where the Rights or Options were issued in that three year period will not reduce the Company's capacity to issue future securities under ASX Listing Rule 7.1.

The EIP is a new employee incentive scheme for FY2012 and to date no securities have been issued under the Plan.

Purpose of EIP

The Board believes that an equity-based incentive is a key component of the "at-risk" reasonable remuneration arrangements for Directors, executives and senior management.

In order to attract and retain talented employees and provide a long-term incentive which continues to align executives with the Company's strategies, the Board has established the Plan as a flexible equity-based plan that allows the Board to grant different types of incentive awards depending upon the purpose of the award, for example retention, performance incentive or to align the interests of the participants in the EIP with those of the Company's shareholders. The incentive awards will be in the form of Options, Shares or Rights to shares.

The EIP also provides for a salary sacrifice plan to be offered to all eligible employees of the Company. To encourage employee share ownership at all levels through the business, all eligible employees will be invited to salary sacrifice a proportion of their salary towards shares in the Company. The salary sacrifice plan applies only to fully paid ordinary shares in the Company.

Summary of Key Terms of the EIP

- Under the EIP, the Company will be able to grant appropriately structured incentive awards in the form of Options, Shares or Rights to shares which will vest on the vesting date subject to the satisfaction of appropriate performance hurdles or tenure conditions. Prior to vesting, the participant will be at risk of forfeiting their incentive award. Shares granted as an incentive awards are unlikely to be issued until the vesting conditions have been met, and if issued prior to the satisfaction of the vesting conditions will be issued to a trustee who shall hold the Shares for employees of the Company generally.
- Forfeiture of an incentive award will occur if the participant ceases employment with the Company (other than in exceptional circumstances as determined by the Board, such as death or permanent disablement or termination due to redundancy) or the performance conditions or tenure conditions are not satisfied by or at the vesting date.
- Subject to the ASX Listing Rules and the *Corporations Act 2001*, the Board reserves the right to allow early vesting of an incentive award in the event of a change of control of the Company.
- Incentive awards will generally be granted to executives for nil consideration (both at issue and exercise).
- The Board will determine the performance hurdles or tenure conditions to be applied to incentive awards taking into account the Company's strategies and alignment with Shareholder interests. Performance hurdles will be established each year at the time of grant and are expected to be two equally weighted tests of:

- (1) Relative Total Shareholder Return relative to an established peer group; and
- (2) An earnings measure such as Earnings Per Share or internal business measures aligned to the 3-5 year business strategy.

The vesting of any incentive award may occur on a sliding scale against the achievement of the performance measure/s.

- Rights and Options will convert to shares on a one-for-one basis and Rights may, subject to their terms of issue, be satisfied by, at the Company's discretion, the delivery of shares or payment of an amount in cash equivalent to the market value of the shares at the vesting date.
- The value of incentive awards granted to each executive under the EIP will be determined taking into account the executive's role, seniority and contribution to the Company, consistent with the Company's remuneration philosophy. The number of Options, Rights or Shares granted will be determined by dividing the value by the market price of a share in the Company at a date, or over a period, determined by the Board.
- The number of Shares acquired under the salary sacrifice plan will be determined by dividing the salary sacrifice amount by the market price of a share in the Company at a date, or over a period, determined by the Board.
- Shares acquired under the EIP may be delivered to participants through the issue of shares or on-market acquisitions, at the discretion of the Board.
- Participants holding Shares acquired under the EIP (other than Shares held as incentive awards which have not vested) will have the same rights as ordinary shareholders.
- Rights or Options issued under the EIP will not carry any voting rights and may not participate in any entitlements issues (such as a pro rata- rights issues or a share purchase plan) unless converted to Shares prior to the relevant record date.
- All Shares issued under the EIP will be quoted on the ASX. Rights or Options issued under the EIP will not be quoted on the ASX.
- Variations to the terms of Options or Rights following their issue is subject to the ASX Listing Rules
- No security interests (such as charges or mortgages) can be held against incentive awards.
- No more than 5% of the Company's issued share capital can be issued, or agreed to be issued in any 12 month period under the EIP, with the 5% to take into account incentive awards that at the date of the issue have been granted under the EIP, but which have not lapsed or been exercised.

Financial Assistance

Section 260C(4) of the Act permits the Company to provide financial assistance to persons for the purpose of acquiring shares in the Company under an employee share scheme provided shareholder approval is obtained. Approval under this resolution will satisfy approval for the purposes of section 260C(4) of the Act.

The financial assistance provided by the Company includes, but is not limited to, the payment of brokerage fees for the acquisition of the shares under the salary sacrifice plan and the grant of shares as an incentive award or following conversion of an Option or a Right for nil financial consideration.

No approval for Related Parties

ASX Listing Rule 10.14 requires shareholder approval of any issue of securities to a related party to the Company (such as a Director). This Resolution is not seeking the approval of any issue of securities under the EIP to a related party to the Company.

Board recommendation

The Board recommend that members vote in favour of the resolution to establish the Equity Incentive Plan.

7 – Issue of Rights – Mr P Spann

Resolution 7 seeks shareholder approval to issue performance rights to Peter Spann under the EIP for which approval is being sought at this AGM (Resolution 7) in accordance with ASX Listing Rule 7.2, Exception 9(b). The terms and conditions for the performance rights are as described in the Explanatory Notes to Resolution 7 and additional details are provided below.

If approved by shareholders, Peter Spann will be invited to receive performance rights which, subject to the achievement of certain vesting conditions (described below), may vest and convert to ordinary shares on a one-for-one basis. Mr Spann and the Directors referred to in Resolutions 8, 9 & 10 will, subject to shareholder approval, be invited to participate in the EIP for FY2012.

If approved, the Performance Rights will be issued within 12 months of the 2011 Annual General Meeting.

The Board has decided to grant performance rights to Peter Spann for the following reasons:

- the grant of performance rights is in accordance with acceptable market practice;
- the grant of performance rights has a minimal dilutionary effect on the issued share capital of the Company;
- the grant of performance rights will reward him for his performance; and
- vested performance rights will create recognisable value which when granted under transparent and robust performance conditions, containing stretch elements, ensures alignment with value creation to shareholders.

Details of the award are set out in this Explanatory Statement.

Details about the grant of performance rights to Peter Spann

How was the number of performance rights determined?

The Board has determined that the total value of the performance rights be \$75,000, representing 30% of Peter Spann's Total Fixed Remuneration and they comprise both his short and long term incentive. The maximum number of performance rights he may receive is 187,500 and has been determined by dividing \$75,000 by the market value of one of the Company's shares determined by the Board as \$0.40 per share.

The number of performance rights Peter Spann receives (which may not exceed 187,500) will be determined by the Board.

The performance rights will, subject to the Board's discretion described in the paragraph below, convert on a one-for-one basis to ordinary shares on the 3 year anniversary of the issue of the performance rights (Vesting Date) subject to:

- achievement of the Performance Conditions (described below); and
- subject to Peter Spann being employed by the Company on the Vesting Date.

The Board reserves the right, at its absolute discretion, to at the Vesting Date and subject to the achievement of the Performance Conditions, convert the performance rights to cash at an amount equal to the market value of the ordinary shares into which the performance rights would otherwise convert at the Vesting Date. The market value will be determined by the fair market expensing value determined by Excelsa's auditors.

Performance Conditions

The Performance Condition are a dual test of an EBITDA target and Relative Total Shareholder Return (RTSR) (Performance Conditions). The Board considered it appropriate to have a dual test since:

- an EBITDA target is within management's influence, and focuses on the Company's key business drivers; while
- a RTSR component provides both an additional challenging test (where reward is only delivered for 'out-performing' a target) plus transparency for external stakeholders.

The Board believes that the dual tests are aligned with the creation of Shareholder value.

The Performance Conditions are weighted are as follows:

EBITDA TARGET (70%)		RELATIVE TOTAL SHAREHOLDER RETURN TARGET (30%)	
EBITDA growth above target*	Rights to be granted (as percentage of 70%)	TSR growth above target**	Rights to be granted (as percentage of 30%)
< 90 % of target	Nil	Below 50 th percentile	0
90% of target	10%	At 50 th percentile	50%
>90% ≤100% of target	An additional 4% for each 1% increase	Between > 50 th and 75 th percentile	An additional 2% for each 1% increase
>100% ≤120%	An additional 2.5% for each 1% increase		
>120% of target	100%	>75 th percentile	100%

* The EBITDA target aligns with the Company's budget for each of the financial years during the performance period.

** The Peer Group is determined by the Board and the members of the Peer Group may be varied by the Board during the performance period.

The RTST and EBITDA target is tested as soon as possible after 30 June 2014 for the performance period 1 July 2011 to 30 June 2014.

Continued Employment and Exceptional Circumstances

The Board reserves the right to allow vesting of the performance rights, in the event that Mr Spann ceases employment with the Company prior to the Vesting Date due to death or permanent disablement. The performance rights will vest on termination of employment due to redundancy

Board recommendation

The Board recommend that members vote in favour of the resolution to issue rights to Mr P Spann.

8, 9 & 10 – Issue of Rights – Mr M Willis, Mr H Woolcott & Mr A Bennett

Resolutions 8, 9 & 10 seek shareholder approval to issue rights to each of the current Non Executive Directors under the EIP for which approval is being sought at this AGM (Resolution 6) in accordance with ASX Listing Rule 7.2, Exception 9(b). The terms and conditions for the rights are as described in the Explanatory Notes to Resolution 6 and additional details are provided below.

If approved by shareholders, each of the current Non Executive Directors will be invited to receive rights which, subject to the achievement of the vesting conditions (described below), may vest and convert to ordinary shares on a one-for-one basis.

If approved the rights will be issued within 12 months of the 2011 Annual General Meeting.

The Board has decided to grant the rights to:

- Provide part of the Non Executive Director's reasonable remuneration via Excela's shares; and,
- To act as a retention mechanism over the next three years.

Details of the awards are set out in this Explanatory Statement.

Details about the grant of rights.

How was the number of rights determined?

The Board determined the maximum number of rights by dividing a percentage of the Director's fees by the market value of one of the Company's shares determined by the Board as \$0.40 per share. The value of the rights when issued, will be included in the total Non Executive Director remuneration and will be within the current maximum of \$250,000 previously approved by Shareholders.

The number of rights that each Non Executive Director receives (which may not exceed the amount referred to in the relevant resolution) will be determined by the Board.

The rights will, subject to the vesting conditions described below, convert on a one-for-one basis to ordinary shares on the three year anniversary of their issue ("Vesting Date").

Vesting Conditions

The rights will vest if the relevant Non Executive Director is a Director of the Company on the Vesting Date.

The Board reserves the right to allow vesting of the rights, in the event that a relevant Director ceases to be a Director of the Company prior to the Vesting Date due to death or permanent disablement or at the absolute discretion of the Board.

On vesting, the Director must maintain 30% of the Shares received for so long as they remain a Director of the Company.

Board recommendation

The Board recommend that members vote in favour of these resolution to issue rights to Mr M Willis, Mr H Woolcott and Mr A Bennett.

Voting Exclusion Statement for Resolutions 3, 6, 7, 8, 9 and 10

The Company will disregard votes cast:

- by any Director or by any the associates of a Director;
- by any Key Management Personnel¹ (**KMP**) or a closely related party² of a KMP, as a proxy for a person who is entitled to vote.

However, the Company need not disregard a vote cast if:

- i. it is cast as a proxy for a person who is entitled to vote, in accordance with the directions (For, Against or Abstain) on the proxy appointment; or
- ii. it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, and the appointment expressly authorises the Chairman of the Meeting to vote as they decide.

¹ As defined by section 9 of the Corporations Act 2001

² As defined by section 9 of the Corporations Act 2001