

21 October 2010



Dear Shareholder

Annual General Meeting

I am pleased to invite you to the 2010 Annual General Meeting (AGM) of Salmat Limited (Company) on Thursday 25th November 2010. The AGM will be held at The AGL Theatre, Museum of Sydney, corner of Bridge and Phillip Streets, Sydney NSW 2000, beginning at 10.00am Sydney time.

The Chief Executive Officer and I will comment briefly on the Company's performance during the year to 30th June 2010 at the meeting. You are also referred to the commentary and overview provided in the Company's Annual Report.

If you wish to participate in the meeting you will need to attend in person, or appoint a proxy to act on your behalf.

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of shares as at close of business on Tuesday 22nd November 2010.

Should you be unable to attend, an audio-cast of the meeting will be available at www.salmat.com.au on the day. However you will not be able to participate in the meeting without being present or appointing a proxy.

Please find enclosed a Notice of Meeting, a personalised proxy form and a reply paid envelope. Instructions on how to appoint a proxy are detailed on the back of the proxy form. Please be aware that proxy forms must be received no later than 48 hours prior to the commencement of the meeting in order to be valid for the meeting.

Salmat has provided for electronic lodgement of proxies by its shareholders and encourages you to do so. If you wish to avail yourself of this service and have not already done so, you can do this by visiting www.linkmarketservices.com.au and clicking on "PROXY VOTING" and then follow the prompts. We recommend that you have your proxy form with you when you log-on (this document contains your SRN/HIN reference number which you will need to enter into the Link website)

If your shares are held in a name other than your personal name, you will need to lodge a valid proxy form before the proxy closing time. If a holding is in the name of a company then a valid Corporate Representative form will allow a holder to enter the meeting and vote on behalf of the company.

If you plan to attend the AGM in person, please bring with you suitable identification, your personalised proxy form or evidence of your authority to attend (by proxy or as Corporate Representative). Registration will commence at 9.00am and close at 10.00am.

Annual Report

For those shareholders who have chosen to receive a printed version of the annual report, please find it enclosed in this package. If you have opted not to receive a printed version, you can access the annual report on our website at www.salmat.com.au. We have facilitated access to the online version by splitting it into its components for ease of reference.

000001

Salmat Limited

ABN 11 002 724 638

17/100 Arthur Street North Sydney NSW 2060 Australia

p +61 2 9928 6500 f +61 2 9928 6652 e info@salmat.com.au w www.salmat.com

terday Today Tomorrow

Resolutions

This year we submit the following resolutions to shareholders for their consideration.

- Adopt the Remuneration Report for the year ending 30th June 2010.
- In accordance with the Constitution, I am due to retire as a director at this meeting and, being eligible, offer myself for re-election. I have been chairman of directors of Salmat since 2002, joining shortly before the listing of the Company.
- To confirm the appointment of Mrs Fiona Balfour as a non-executive director of the Company. Mrs Balfour was appointed to the board in January 2010 and is chairman of the Technology and Innovation Committee. In accordance with the constitution, she retires as director and being eligible offers herself for re-election as a director of the Company.
- To approve the issuance over a three year period of \$2.5 million in performance based shares to the Chief Executive Officer of the Company.
- To amend the constitution of the Company in relation to electronic proxy appointment and service of notices.

The Board of Salmat Limited unanimously recommends these resolutions to shareholders.

We thank you for your continued support and look forward to welcoming you at the meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Lee', with a stylized flourish at the end.

Richard Lee
Chairman

SALMAT LIMITED

ACN 002 724 638
(the Company)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Salmat Limited (Company) will be held on Thursday 25th November 2010 at the AGL Theatre, Museum of Sydney, corner Bridge and Phillip Streets, Sydney NSW 2000 commencing at 10.00 am Sydney time. Registration will open at 9.00 am.

ORDINARY BUSINESS

To consider the following matters:

1. Financial Statements

To consider and receive the Financial Reports, the Director's Report and the Auditor's Report of the Company for the year ended 30th June 2010.

2. Adoption of Remuneration Report

To adopt the Remuneration Report of the Company for the year ended 30th June 2010.

Note: Votes cast in respect of this resolution are advisory only, and are not binding on the Company or its directors.

3. Re-election of Director – Richard Lee

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

That Richard Lee, who retires by rotation in accordance with the Constitution of the Company, be re-elected as a director of the Company.

4. Re-election of Director – Fiona Balfour

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

That Fiona Balfour, who retires in accordance with the Constitution of the Company, be re-elected as a director of the Company.

5. Long term incentive share grants to the Chief Executive Officer – Grant Harrod

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

That the grant of performance shares under the Salmat Deferred Employee Share Plan to the Chief Executive Officer Grant Harrod on the terms and in the manner set out in the explanatory notes to this Notice of Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.

Voting exclusion

In accordance with ASX Listing Rule 14.11.1, the directors and their associates must abstain from voting on this resolution.

The Company should disregard any votes cast on this resolution by:

(a) all Directors of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and

(b) any associate of a Director of the Company.

However, the Company need not disregard a vote if:

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

SPECIAL BUSINESS

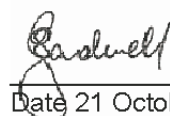
6. Amendments to the Constitution

To consider, and if thought fit, to pass the following as a special resolution.

That the Constitution of the Company be amended as set out in the table below:

Clause 5.9	Add a new sub-clause (m) as follows: “(m) Notwithstanding any other clause of this Constitution, the appointment of a proxy or proxies may be effected in a manner and form approved by the Directors, which may include appointment by electronic means. All references to an “instrument appointing a proxy” include appointment of a proxy or proxies via electronic means.”
Clause 13.1(a)	Add the word “or” after sub-clause (ii) and add a new sub-clause (iii) as follows: (iii) electronically to the relevant electronic address of the member as shown on the register of members, or provided by the member, or otherwise by any method the directors may determine. “
Clause 13.7	Add the following to the end of the clause: “, including for the avoidance of doubt, electronic communications”

On behalf of the Board
Stephen Bardwell
Company Secretary



Date 21 October 2010

Eligibility to Vote

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of shares at close of business on Tuesday 22nd November 2010.

Annual Report

For a direct link to Salmat's online annual report, visit www.salmat.com.au and then click on "INVESTORS". It has been split for ease of reference into two sections including the shareholder review and full financials.

Proxies

If you cannot attend, you may appoint a proxy to attend and vote for you.

Each member may appoint a proxy. The proxy need not be a member of the Company.

If you wish to appoint a proxy and you are entitled to 2 or more votes then you may:

- (a) appoint two proxies; and
- (b) specify the proportion or number of votes each proxy may exercise. If you do not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of your votes (disregarding fractions).

A form for the appointment of a proxy is enclosed with this notice.

To be effective, all proxies must be lodged:

- by mailing it to the share registry of the Company, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia
- by facsimile to Link Market Services Limited on +612 9287 0309;
- by going online at www.linkmarketservices.com.au and then clicking on "PROXY VOTING"; or
- by hand delivery to: Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000,

no later than 48 hours before the time for the holding of the meeting, which is by **10.00am (Sydney time) on Tuesday 22 November 2010**.

How the Chairperson will vote undirected proxies

The Chairperson intends to vote undirected proxies in favour of all the resolutions.

SALMAT LIMITED

ACN 002 724 638

EXPLANATORY STATEMENT

IMPORTANT NOTICE

The Explanatory Statement is an explanation of, and contains information about, the resolutions to be considered at the Annual General Meeting and is included with the Notice of Annual General Meeting to assist shareholders to determine how they wish to vote on the resolutions.

Shareholders should read this Explanatory Statement in full because individual sections may not give a comprehensive review of the resolutions. This Explanatory Statement forms part of the accompanying Notice of Annual General Meeting and should be read together with the Notice of Annual General Meeting.

Resolutions 2 to 5 being put before this Annual General Meeting are ordinary resolutions. Resolution 6 is a special resolution.

If you are in doubt about what to do in relation to the resolutions contemplated in this Explanatory Statement, you should consult your financial or other professional advisor.

Introduction

The Annual General Meeting is being held so that the directors can table the financial statements and reports of the Company for the previous financial year, and so that shareholders can vote on the adoption of the Remuneration Report (this is a non-binding vote), vote on the re-election of directors, vote on the long term incentive grant to Mr Grant Harrod, and vote on the proposed amendments to the Constitution. Details of the resolutions and an explanation as to why the Company is putting them to shareholders, is set out in this Explanatory Statement.

Unless otherwise stated, all references to sums of money '\$' and 'dollars' are references to Australian currency.

Item 2 - Remuneration Report

The Remuneration Report is for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 8-17 of the Salmat Limited Annual Report 2010. It is also available on Salmat's internet site (www.salmat.com.au).

The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to directors and senior executives within the Company;
- discusses the link between the Board's policies and the Company's performance;
- provides a detailed summary of the performance conditions, explaining why they were chosen and how performance is measured against them;
- sets out remuneration details for each director and for each of the senior executives by position; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including the executive director.

Mr Ian Elliot, Chairman of the Remuneration and Compensation Committee will present this report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board recommends that shareholders vote in favour of adoption of the Remuneration Report.

Item 3 - Re-election of Mr Richard Lee

In accordance with the Company's Constitution, the chairman of the Company, Mr Richard Lee is due to retire as a director at this meeting and, being eligible, offers himself for re-election.

Richard has been the chairman of the Company since its listing in December 2002. He is a member of both the Remuneration and Compensation and Audit, Risk and Compliance Committees. Richard Lee is a non executive director of Ridley Corporation Limited, CSR Limited, Newcrest Mining Limited and the Australian Rugby Union Limited. Richard is a Fellow and Chairman of the Australian Institute of Company Directors. He also holds degrees in chemical engineering and economics and is a Rhodes Scholar. Richard is also a former chief executive of the NM Rothschild Australia Group, and a former director of NM Rothschild and Sons Limited in London, Singapore and Hong Kong.

The Board recommends the re-election of Mr Lee.

Item 4 - Re-election of Mrs Fiona Balfour

Fiona Balfour was appointed to the board as a non-executive director in January 2010. In accordance with the Company's Constitution, Fiona retires at the first meeting of shareholders following her appointment and, being eligible, offers herself for re-election.

Fiona is Chairman of the newly formed Technology and Innovation Committee of the Board as well as being a member of the Remuneration and Compensation and Audit, Risk and Compliance Committees. She is also a non-executive director of Metcash Limited and Tower Australia Limited. Fiona has over thirty years executive experience across a number of industries, including Aviation, Information and Telecommunication Services, Health Administration, Financial Services, Education and not-for-profits. Her key capabilities are in the areas of: information technology, strategy and global-systems management; service outsourcing and contract management; governance and stakeholder management; strategic planning and programme management; financial and risk management; leadership, staff engagement and culture; workplace safety and security management; management of international joint ventures; and global customer service delivery.

Fiona is a former Chief Information Officer and Member of the Qantas Executive Committee with responsibilities for information technology, procurement, property, human resources services and transport for Qantas globally. She was subsequently Chief Information Officer of Telstra and was executive advisor to Medibank Private and Link Market Services. Fiona is a Trustee of the National Breast Cancer Foundation, a member of the Information Technology Faculty Advisory Board of Monash University, a council member of Knox Grammar School and a Fellow of the Australian Institute of Company Directors. She is a former non executive director of SITA-SC (Geneva) (2002-2005) and a member and former councillor of Chief Executive Women.

Fiona has a Bachelor of Arts (Honours) from Monash (1979); and Graduate Diploma in Information Management (UNSW, 1981) and a Master of Business Administration from University of RMIT (1988). She was awarded the prestigious National Pearcey Medal in 2006 for a lifetime achievement to the information technology industry.

The Board recommends the re-election of Mrs Balfour.

Item 5 - Long term incentive (LTI) performance share grants to the Chief Executive Officer – Grant Harrod

The remuneration objective of performance share grants made under the Company's Deferred Employee Share Plan (DESP) is to retain senior executives and to link executive reward to the creation of value for shareholders.

The Board has retained independent remuneration advice to assist in setting an appropriate rewards structure for the Company. An element of this advice relates to an appropriate level of long term incentives (LTI) for the Chief Executive Officer (CEO). Any invited eligible employee approved by the Board is entitled to participate in the DESP.

Because Mr Harrod, Salmat's CEO, is a Director of Salmat Limited, shareholder approval is required under ASX LR 10.14 before any new issue of securities can be made. The relevant shares may however be acquired via on market purchase, and not via a new issue of shares. In that event, shareholder approval is not required under ASX LR 10.14. Nonetheless, the board believes that from a governance perspective it is important that shareholders approve significant purchases of shares by the Company for the benefit of any director.

Under the terms of Mr Harrod's employment agreement it is intended that LTI offers will be considered annually on similar terms, therefore, the Board is seeking shareholder approval for up to 3 annual grants of performance shares to Mr Harrod on the terms specified below. If the Board wishes to materially vary the terms of future grants then shareholder approval will be sought.

It is proposed that Salmat shares to a total value of **\$2,500,000** will be acquired over the next

three years for the benefit of Mr. Harrod and held subject to real risk of forfeiture. If the terms and conditions of offer are not satisfied then the performance shares not meeting the conditions of offer will be forfeited.

The number of shares acquired will be based on the volume weighted average price of Salmat shares for the 5 trading days preceding any issue or based on the actual market price of Salmat shares if acquired by on-market purchase.

The \$2,500,000 represents Mr Harrod's long term incentive performance share allocation for 2010, 2011 and 2012. The dates on which shares will be acquired and the maximum value of the acquisition is as follows:

LTI Grant Year	Shares cannot be acquired before date	Shares cannot be acquired after date	Maximum \$ value of LTI Grant
2010	2010 AGM	31 December 2010	\$1,100,000
2011	2011 AGM	31 December 2011	\$700,000
2012	2012 AGM	31 December 2012	\$700,000
			\$2,500,000

The number of shares that will be issued (or otherwise acquired via purchase on market) in respect of the 2010, 2011 and 2012 allocations, as a total figure, will not exceed 750,000. In the event that the performance conditions are met and the shares vest to the CEO, there will be no consideration payable by the CEO for those shares.

Performance, Service and other conditions of Offer (Vesting Conditions)

All grants of shares to Mr Harrod will be subject to performance, service and other conditions. Collectively these are termed the vesting conditions.

Specific conditions for each LTI grant are as follows:

LTI Grant Year	Maximum \$ value of LTI Grant	Performance Conditions		Service Conditions
		50% based on Total Shareholder Return (TSR)	50% based on Earnings per Share (EPS)	
2010	\$1,100,000	Salmat TSR v Small Industrials Index (XSIAI)*	Compound Annual Growth Rate (CAGR) of 10% or more**	Minimum 3 years
2011	\$700,000	As above	As above	Minimum 3 years
2012	\$700,000	As above	As above	Minimum 3 years
	\$2,500,000			

* Measured over the period from grant date to first available date.

** Measured over three financial years using the prior year EPS as the base year

Maximum \$ value of LTI Grant explained

Mr Harrod commenced employment with Salmat in April 2009. The terms of his total remuneration 'package' set and agreed at the time of his appointment was as follows:

Remuneration Component	\$ Amount	Percentage of Total
Total Fixed Remuneration (TFR) (includes Base Salary, Superannuation and Benefits)	\$775,000	36%
Short Term Incentive (STI) (Maximum bonus payment for annual performance achievements set by the Board)	\$650,000	31%
Long Term Incentive (LTI) (Equity incentive \$ allocation for achieving long term service and performance objectives set by the Board)	\$700,000	33%
	\$2,125,000	100%

The LTI allocation proposed for 2010 is set at \$1,100,000 to adjust for the fact that no LTI allocation has been provided to Mr Harrod since April 2009. At the time of the 2009 AGM the employee share scheme (ESS) legislation under which the DESP operates was in the process of being changed by the parliament and the Board was unable to make precise recommendations to shareholders until such time as the legislation was gazetted. This occurred in December 2009.

Accordingly, the proposed 2010 LTI grant to Mr Harrod incorporates a 'catch up' component to compensate for this delay.

Performance Conditions explained

Generally accepted long term equity incentive standards require that all equity incentives to senior executives be granted only where appropriate and market competitive performance conditions are imposed. The two most common performance conditions of comparable listed public companies are Total Shareholder Return (TSR) outperformance (external measure) and Earnings per Share (EPS) Compound Annual Growth Rate (CAGR) outperformance (internal measure).

Salmat's Board subscribes to these market standards and has imposed both conditions in equal (50%) proportion to the proposed grant of shares to Mr Harrod. The specific conditions for the proposed 2010 LTI grant are set out below.

The same conditions, amended for the then relevant base year and time period, will apply to the proposed 2011 and 2012 LTI grants.

Performance Condition 1 – 50% - Salmat TSR v Small Industrials Index (XSIAI)

TSR measures share price appreciation and the value of dividends paid over any measurement period and is an accepted proxy for a company's performance from a shareholder's perspective.

Salmat's comparable or relative performance is measured in comparison to the Small Industrials Index. This Index is a change from the Small Ordinaries Index (XSOAI) used previously. The Small Industrials Index was selected by the Board based on independent advice as being the most relevant comparator Index of which Salmat is a component company. XSIAI comprises mainly dividend paying industrial companies and unlike XSOAI excludes resource companies. At the date of review Salmat

ranked 68 of 117 companies in size or 0.78% of the Index weighting.

The relative performance is measured over approximately a three year period from the grant date to the first available date, being 1 September 2013.

Salmat's out-performance relative to XSIAl will be determined according to the table below:

Salmat's TSR performance compared to XSIAl companies	% of Shares Vesting	Increment
Less than the 50 th percentile	Nil	Straight line interpolation between the 50 th and 75 th percentile
Equal to the 50 th percentile	50%	
At or above the 75 th percentile	100%	

Any performance shares subject to this Performance Condition which fail to vest on the Vesting Date will forfeit immediately.

This performance hurdle represents a change from the previous test. Previously, 100% of performance shares would vest if Salmat merely outperformed the relevant Index. The Board has accepted independent advice that contemporary practice standards demand a higher performance outcome for 100% 'pay off' and have therefore adopted the relative performance measures set. The Board has independently tested the probabilities of achieving the hurdles set and consider them to be appropriately weighted based on the results.

Performance Condition 2 – 50% - EPS CAGR greater than or equal to 10%

Growth in EPS is considered an essential requirement for sustained performance. Accordingly, the Board has recommended that 50% of the LTI grant be dependent on Salmat achieving a compound growth rate of at least 10% p.a. over the measurement period, which will be the three financial years ending on 30 June 2013 ("The EPS Target").

Therefore, if Salmat's cumulative EPS over the three years up to 30 June 2013 equals or exceeds \$1.115 (calculated using the 2009/10 Base Year EPS of \$0.311 adjusted for the impact on earnings by the 10 cents per share special dividend declared in August 2010) then the other 50% of the LTI grant would vest, assuming the service conditions were also satisfied.

Vesting will also occur on a sliding scale on and from 75% of the EPS Target being achieved, as set out in the table below:

% of EPS Target Achieved	% of relevant LTI tranche which is subject to Performance Condition 2 to vest
75%	50%
80%	60%
85%	70%
90%	80%
95%	90%
100%	100%

For comparison we provide a table of Salmat's EPS CAGR over prior periods, as follows:

Financial Year	EPS (cents per share)	Therefore, CAGR for the 3 years was
2006	22.4	24.68%
2007	37.7	25.82%
2008	9.0	-7.56%
2009	21.7	0.89%
2010	31.1	-27.31%

Salmat has not achieved the EPS hurdle rate set in any of the last three years, and only twice in the last five years.

Performance Condition 3- Service Condition

Generally accepted long term equity incentive standards require that all equity incentives provided to senior executives require retention of their services, usually for a minimum of three years before any equity benefit could vest. The Board of Salmat subscribes to this standard and has therefore imposed a minimum service period of approximately three years on all LTI grants.

Therefore, all LTI grants will require continuing service by Mr Harrod up to and including a period approximately three years after the LTI Grant Date.

The service conditions for the respective LTI grants will be as follows:

LTI Grant	First Available Date
2010	1 September 2013
2011	1 September 2014
2012	1 September 2015

The Board reserves the discretion to modify the calculation of the performance conditions if, in its absolute discretion, it considers there are factors which render the result inequitable to Salmat or to Mr Harrod.

In the event of a takeover of the Company, the share plan rules provide that all performance shares vest to the participants in the plan.

Estimated Income Statement cost of LTI grants to Salmat

Under the International Financial Reporting Standards (AIFRS -2) the 'fair value' of all share based payments is required to be expensed over the relevant service periods.

Therefore, assuming all the proposed LTI grants were made (and assuming a 15 November grant date each year) and assuming all grants vested in total, the maximum Income Statement (before any adjustment for performance conditions) expense for all LTI grants would be estimated as follows:

LTI Grant	2011	2012	2013	2014	2015	2016	Total Amount
2010	244,564	394,319	393,242	67,875	-	-	1,100,000
2011	-	156,317	250,245	250,245	43,193	-	700,000
2012	-	-	155,784	250,490	250,490	43,235	700,000
	\$244,564	\$550,637	\$799,271	\$568,610	\$293,683	\$43,235	\$2,500,000

Estimated \$ value of the benefit to Mr Harrod of LTI grants

The benefit of the LTI grants to Mr Harrod will depend on firstly, achievement of the vesting conditions and secondly, the future price of Salmat shares at the vesting date.

Assuming all vesting conditions are met for 100% vesting and estimating future Salmat share prices, the dollar value of the benefit to Mr Harrod and the value compared to the growth in Salmat's market capitalisation with constant capital assumed would be as follows:

Future Salmat Share Price	Cumulative LTI Grant Value			Total LTI Benefit based on assumptions	Salmat Growth in Market Capitalisation^	CEO LTI Grant as a % of MC Growth
	2010*	2011**	2012**			
\$4.50	\$1,219,212	\$705,329	\$641,208	\$2,565,749	\$ 70,018,073	3.66%
\$5.50	\$1,490,148	\$862,069	\$783,699	\$3,135,916	\$ 229,150,056	1.37%
\$7.00	\$1,896,552	\$1,097,179	\$997,435	\$3,991,166	\$ 467,848,030	0.85%
\$10.00	\$2,709,360	\$1,567,398	\$1,424,907	\$5,701,665	\$ 945,243,979	0.60%

* Assumes 2010 LTI grant is made based on a Salmat share price of \$4.06

** Assumes 2011 LTI grant and 2012 LTI grant is made based on a Salmat share price of \$4.06 plus a 10% growth from 2010 to 2011 and a 10% growth from 2011 to 2012

^ Assumes shares on issue of 159,131,983 unchanged, and measures growth from \$4.06 current share price

Other conditions and information required to be disclosed under ASX Listing Rules

- Shares provided under DESP may be acquired from a new issue or acquired by on market purchase. The shares acquired will be quoted on ASX;
- The shares acquired under DESP will rank pari passu in all respects with other Company shares listed on ASX;
- Shares offered under DESP will be offered, subject to performance and service conditions, but no other consideration will be paid by Mr Harrod;
- Salmat will bear all costs associated with the administration of the DESP;
- There have been no issues to Directors under the DESP since the last approval given under Listing Rule 10.14 in November 2008. Directors have salary sacrificed fees to acquire shares or have been granted shares under this plan as follows;
Richard Lee, salary sacrificed for 4,234 shares at a price of \$2.83 and 14,060 shares at a price of \$4.14.
Grant Harrod in April 2009 prior to becoming a director, acquired an LTI grant of 191,660 shares at a price of \$3.65.
- The directors who are eligible to participate in the Salmat Deferred Share Plan are Richard Lee, Grant Harrod, Peter Mattick, Philip Salter, Fiona Balfour, John Thorn and Ian Elliot.
- All Directors are entitled to participate in DESP but only under fee sacrifice arrangements or as specifically approved by shareholders;
- A voting exclusion statement is set out below;
- Details of any shares acquired under DESP will be published in each annual report of Salmat relating to the period in which shares have been acquired, and that where required, that approval is obtained under ASX Listing Rule 10.14;
- No person who becomes entitled to participate in DESP after the resolution is approved who are not named in the notice of meeting will participate in DESP until approval is obtained under ASX Listing Rule 10.14, assuming approval is required;
- The last date by which Salmat will issue or acquire shares under DESP in respect of the resolution, being 31 December 2012 (2012 LTI Grant) which is a date not later than three (3) years after this meeting

Voting exclusion

In accordance with ASX Listing Rule 14.11.1, the directors and their associates must abstain from voting on this resolution.

Item 6 Amendments to Constitution – Special resolution

The *Corporations Act 2001* allows for both the electronic authentication and the electronic receipt of documents appointing a proxy to vote for a shareholder at a company meeting.

Approval is sought to amend clauses 5.1, 13.1 and 13.7 of the Company's Constitution in line with the Corporations Act. These changes all involve additional wording to clauses in the Constitution so as to clarify and confirm that the Company is permitted to implement electronic proxy appointment, as well as electronic delivery and receipt of notices to those shareholders who have elected to receive notices electronically. These initiatives have the benefits of allowing fast and effective communication to shareholders as well as assisting in the reduction of print and postage costs incurred by the Company. Receipt of proxy votes via electronic media allows convenient and secure technology to be accessed by shareholders. It also allows automatic rejection of proxies which for example, do not specify a specific appointee or the chairman, as proxy holder, or may otherwise be invalid because a required field is not completed.

The Board recommends shareholders vote in favour of amending the Constitution in the manner proposed.