

SELECT HARVESTS LIMITED

ABN 87 000 721 380

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting of Select Harvests Limited (the **Company**) will be held at 2.00 pm (Melbourne time) on Tuesday, 20 November 2012 at the Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the financial statements of the Company and its controlled entities for the financial year ended 30 June 2012 and the related Directors' Report and Auditors' Report.

RESOLUTIONS

1. Remuneration Report

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

To adopt the Remuneration Report for the financial year ended 30 June 2012, submitted as part of the Directors' Report for the financial year ended 30 June 2012, pursuant to sections 250R(2) and 250R(3) of the *Corporations Act 2001*.

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or the Company.

2. Election of Directors

To consider and, if thought fit, to pass the following resolutions:

- (a) That Fred Grimwade, who retires in accordance with rule 12.4.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.
- (b) To elect as a Director, Paul Riordan, who ceases to hold office in accordance with rule 12.6.2 of the Company's Constitution and, being eligible, offers himself for re-election.
- (c) To elect as a Director, Peter Carey, who offers himself for election in accordance with rule 12.2 of the Constitution.

3. Remuneration Arrangements for the Managing Director

(a) Participation by the Managing Director in the Long Term Incentive Plan

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

That approval be given for all purposes, including for the purpose of ASX Listing Rule 10.14, to the allocation of 900,000 Performance Rights by the Company to Paul Thompson (Managing Director) to acquire by way of issue a like number of shares, as part of the Company's Long Term Incentive Plan, on the terms of that Plan and as otherwise set out in the Explanatory Notes which accompany and form part of the Notice of this Meeting.

(b) Approval of Termination Benefits for Managing Director

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

That for the purposes of sections 200B and 200E of the *Corporations Act 2001* (Cth), approval is given for the granting of termination benefits to the Managing Director, Mr Paul Thompson, under the LTIP in connection with his retirement from a managerial or executive office in the Company or a related body corporate of the Company, details of which are set out in the Explanatory Notes accompanying and forming part of the Notice of this Meeting.

SPECIAL RESOLUTION

4. Approval of New Constitution

To consider, and if thought fit, to pass the following resolution which will be proposed as a special resolution:

That the Company adopt as its Constitution the document tabled at the meeting and signed by the chairman of the meeting by way of identification in substitution for and to the exclusion of the existing constitution of the Company, which is repealed.

By Order of the Board



**Paul Chambers
Company Secretary
Melbourne
19 October 2012**

NOTES

Proxies

1. A member is entitled to appoint not more than two proxies to attend and vote on behalf of such member. A proxy need not be a member of the Company and may be an individual or body corporate.
2. A body corporate appointed as a proxy will need to appoint a representative to exercise the powers that body corporate may exercise as the member's proxy at the Annual General Meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (**Corporations Act**) and provide a "Certificate of Appointment of Representative" to the Company prior to the commencement of the Annual General Meeting. A form of the certificate may be obtained from the Company's Share Registry, Computershare Investor Services Pty Limited.
3. A member who appoints two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If the proportion or number of votes that each proxy may exercise is not specified then each proxy may exercise half of the votes (any fractions will be disregarded).
4. If the chairman of the meeting is appointed by a member as the member's proxy without a direction as to how to vote, then, subject to applicable voting restrictions, the chairman will vote in favour of all resolutions set out in this Notice of Annual General Meeting, with the exception of Resolution 2(c).
5. A proxy document or form is valid if it is signed by the member of the Company making the appointment and contains the member's address, the Company's name, the proxy's name or the name of the office held by the proxy and the meeting at which the appointment may be used and is received in accordance with notes 6 and 7 below.
6. For the appointment of a proxy, the Proxy Form enclosed with this Notice of Annual General Meeting may be used. In order for the appointment of a proxy to be valid, the proxy form must be received by the Company at least 48 hours prior to the commencement of the Annual General Meeting. If the proxy form is signed by the appointor's attorney, the authority (or certified copy of the authority) under which the appointment was signed must be received at least 48 hours prior to the commencement of the Annual General Meeting.
7. Duly-signed proxy forms (and, if applicable, authorities) must be received by the Company either:
 - (a) at the Registered Office of the Company:
360 Settlement Road, Thomastown, Victoria, 3074; or
 - (b) at the Company's Share Registry:
Computershare Investor Services Pty Limited,
GPO Box 242
Melbourne, Victoria, 3001; or
 - (c) by facsimile at either of the following fax numbers:
03 9474 3588 (Company); or
(Computershare Investor Services Pty Limited) on the following numbers:
03 9473 2555 (overseas)
1800 783 447 (within Australia)

In the case of joint holders of shares any one of such persons may vote at any meeting as if they were solely entitled to do so, but if more than one of such joint holders tenders a vote the vote of the first named of the joint holders in the Register of Members, whether tendered in person or by proxy or by attorney or in any other approved means, will be accepted to the exclusion of the votes of the other joint holders.

If a member is a corporation and wishes to appoint a proxy, the proxy form must be executed under its common seal or, in the absence of a common seal, must be signed by:

- (a) two Directors of the corporation; or
- (b) a Director and a Company Secretary of the corporation; or
- (c) if the corporation is a proprietary company that has a sole Director who is also the sole Company Secretary – that Director and Secretary; or
- (d) the corporation's appointed attorney under the power of attorney.

Shareholders Entitled to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00 p.m. (Melbourne time) on Sunday, 18 November 2012.

Voting Exclusion Statements

Resolution 1

The Company will disregard any votes cast on the proposed resolution for the adoption of the Remuneration Report (Resolution 1 in the Notice of Meeting) by or on behalf of

- a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report ("**KMP**"); or
- a closely related party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or closely related party of a KMP if:

- the vote is cast as a proxy;
- the proxy:
 - is a person appointed by writing that specifies how the proxy is to vote on Resolution 1; or
 - is the chairman of the meeting and the appointment of the chairman as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the company; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a member of the Company's KMP means any of the following:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice, no such regulations have been prescribed).

The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the chairman as their proxy and to authorise the chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

Resolutions 3(a) and (b)

The Company will disregard any votes cast on Resolution 3(a) by or on behalf of:

- a member of the key management personnel of the Company, details of whose remuneration are included in the remuneration report for the year ended 30 June 2012 (**KMP**); or
- a closely related party of a KMP,

where the votes are cast as a proxy, and in addition the Company will disregard any votes cast on Resolution 3(a) by:

- a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- the director's associates.

The Company will disregard any votes cast on Resolution 3(b) by or on behalf of:

- a member of the KMP; or
- a closely related party of a KMP,

where the votes are cast as a proxy, and in addition the Company will disregard any votes cast on Resolution 3(b) by:

- Mr Paul Thompson; and
- the associates of Mr Thompson.

However, the Company will not disregard a vote cast as a proxy on Resolution 3(a) or 3(b) if:

- either:
 - the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 3(a) or Resolution 3(b) and it is not cast on behalf of a KMP or a closely related party of a KMP; or
 - the proxy is the chair of the meeting and the chair's appointment expressly authorizes the chair to exercise the proxy even though the resolution is connected with the remuneration of a KMP; and

- it is not cast on behalf of:
 - in the case of Resolution 3(a), a director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associates of the director; or
 - in the case of Resolution 3(b), Mr Thompson or any of his associates.

If you are a member of KMP (other than the chair of the meeting acting as a proxy) or a closely related party of a member of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Key management personnel and their closely related parties are as described above in the voting exclusion statement for Resolution 1.

EXPLANATORY NOTES ON SPECIAL BUSINESS

These Explanatory Notes form part of the Notice of Annual General Meeting.

Financial Statements and Reports

Pursuant to the Corporations Act, the Directors of a public company that is required to hold an Annual General Meeting must table the financial statements and reports of the Company for the previous year before the members at that Annual General Meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 30 June 2012. A copy of the Annual Report has been forwarded or made available to each Shareholder. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

Shareholders should note that the sole purpose of tabling the financial statements of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements at the Meeting. It is not the purpose of the meeting that the financial statements be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt the Company's financial statements will be put to the shareholders at the meeting.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company.

It is proposed that the Company's auditors will be present at the meeting. Shareholders present at the meeting will be allowed a reasonable opportunity to ask the auditors questions relevant to:

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

Resolution 1 - Remuneration Report

Section 300A of the Corporations Act requires that the Directors' Report must contain a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and senior management. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report is set out in pages 23 to 29 of the Company's 2012 Annual Report. The Corporations Act requires that the Remuneration Report be submitted to shareholders for adoption by a non-binding resolution.

Shareholders present in person or by proxy at the meeting will be allowed a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Remuneration Report contains information regarding such matters (among others) as:

- the Board's policy for determining the nature and levels of remuneration of the Company's senior management personnel;
- the relationship between the Board's remuneration policy and the Company's performance;
- prescribed information regarding each of the relevant senior management personnel, and each of the five Company executives named as the executives who were paid the highest remuneration in the financial year, including the amount of remuneration paid to those personnel; and
- where any element of the remuneration of a member of the senior management personnel depended on the satisfaction of a performance condition, a summary of that performance condition and an explanation of why it was adopted in relation to the relevant personnel.

The vote on Resolution 1 is advisory only and does not bind the Directors of the Company or the Company. However, under changes to the Corporations Act made in 2011, if at least 25% of the votes cast on the resolution are against adoption of the Remuneration Report at the meeting, then:

- if comments are made on the Remuneration Report at the AGM, the Company's remuneration report in respect of the financial year ending 30 June 2013 will be required to include an explanation of the Board's proposed action in response to those comments or, if no action is proposed, the reasons why; and
- if, at the Company's annual general meeting in 2013, at least 25% of the votes cast on the resolution for adoption of the remuneration report are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be held within 90 days to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2013 annual general meeting. If more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution, the Spill Resolution will be passed and all of the directors in office at the 2013 annual general meeting (other than the managing director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

The Remuneration Report forms part of the Directors' Report, contained in the Annual Report. Each of the Directors recommends the Remuneration Report to Shareholders for adoption.

Resolutions 2(a), 2(b) and 2(c) – Election of Directors

2(a) – Fred Grimwade

Pursuant to rule 12.4.1 of the Company's Constitution, at each Annual General Meeting, one third of the Directors (or, if their number is not a multiple of 3, then the number nearest to one third) must retire from office. The Directors retire by rotation, with the Directors who have been longest in the office since being appointed or re-appointed being the Directors who must retire in any one year. If two (2) or more persons became directors (or were re-elected) on the same day, those who retire must be determined by lot unless they otherwise agree among themselves. Each Director is entitled to offer himself for re-election as a Director at the Annual General Meeting which coincides with his retirement. The Managing Director is exempted by his office as Managing Director from the requirement to retire by rotation.

Accordingly, Fred Grimwade will retire in accordance with the requirements of the Company's Constitution at the Annual General Meeting. As he is entitled and eligible for re-election, he seeks re-election as a Director of the Company at the Meeting.

Fred Grimwade was appointed to the board on 27 July, 2010. He works with a wide range of companies in a board or advisory capacity. He is Chairman of CPT Global Limited, a Principal and Executive Director of Fawcner Capital, a specialist corporate advisory firm, and is also a director of Troy Resources Ltd, XRF Scientific Limited and Fusion Retail Brands Pty Ltd. He has held general management positions in Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman, Sachs & Co.

The Board (other than Mr Grimwade) unanimously recommends that shareholders vote in favour of the re-election of Mr Grimwade.

2(b) – Paul Riordan

Pursuant to rule 12.6 of the Company's Constitution, the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing number of Directors, providing the total number of Directors do not exceed the number fixed in accordance with the Constitution. A Director appointed under this rule (other than the Managing Director) holds office until the next Annual General Meeting after the appointment and is then eligible for re-election.

Accordingly, Paul Riordan will cease to hold office in accordance with the requirements of the Company's Constitution at the Annual General Meeting. As he is entitled and eligible for re-election, he seeks re-election as a Director of the Company at the meeting.

Paul Riordan is co-founder and executive director (operations) of Boundary Bend Olives, Australia's largest vertically integrated olive company specialising in the production of Extra Virgin Olive Oil. Paul graduated with a Diploma of Farm Management from Marcus Oldham Agricultural College, Geelong, Victoria in 1995. He has worked throughout Australia and in the USA in such differing rural enterprises as certified small seed production in southern Victoria, large-scale sheep and grain organisations in Western Australia, and beef cattle enterprises in Colorado USA, in the Kimberley region of Western Australia and central Australia. Paul has travelled extensively overseas to visit and study in countries where the olive industry has been a major farming and cultural pursuit, including Italy, Spain, Israel, Argentina, and America. Paul's responsibilities include managing the operational side of the olive groves located at Boundary Bend, Boort and Wemen, as well as overseeing the manufacturing of the Colossus olive harvesters (which originated from Argentina) in Buronga, NSW.

The Board (other than Mr Riordan) unanimously recommends that shareholders vote in favour of the re-election of Mr Riordan.

2(c) – Peter Carey

Pursuant to rule 12.2 of the Company's Constitution, a person may be nominated for election as a director at a general meeting of the Company. The Company has received a valid notice of nomination for the election as a director of Mr Peter Carey, and a written consent by Peter Carey to act as a director of the Company.

Peter Carey is a Professor of Accounting and head of the accounting discipline at Deakin University, Melbourne, Australia. Peter has a PhD from the University of New South Wales, a Graduate Diploma in Applied Science (Social Statistics) from Swinburne University, a Masters of Business Administration from Monash University and a Bachelor of Economics from Monash University. Peter is a Chartered Accountant and Registered Company Auditor with work experience in both professional practice and industry. Peter's research and teaching interests are mainly in the areas of corporate governance, auditing and financial reporting. He is a member of the audit committee of the non-profit organisation, Environment Victoria, and a director of the Hong Kong-based managed fund, Imperial Asia Fund SPC.

The Nomination Committee of the Board has met with Mr Carey, and has carefully considered Mr Carey's proposal to nominate for election as a director of the Company. The members of the Nomination Committee have considered whether, having regard to the composition of the Board, the skills and experience of the existing directors, and their regular assessment of the performance of the

Board, the election of Mr Carey would be likely to add value to the Board at this time. After careful consideration, the Board has concluded that the existing directors (including Mr Grimwade and Mr Riordan) have the combination of skills and experience required by the Company.

The directors recommend that shareholders vote against the election of Mr Carey.

Resolutions 3(a) and 3(b) - Remuneration Arrangements for the Managing Director

(a) Participation by the Managing Director in the Long Term Incentive Plan

Total Executive Reward

The executive pay and reward framework for Mr Paul Thompson has three components:

- 1) Base pay and benefits (including superannuation);
- 2) Short term performance incentive – a reward opportunity dependent upon successful performance; and
- 3) Long term incentive – also, a performance-dependent reward opportunity.

Together, these three components form Mr Thompson's total remuneration opportunity. A summary of the key terms of the LTIP is set out below.

Grant to Mr Thompson

Under ASX Listing Rule 10.14, no director can acquire securities under an employee incentive scheme without shareholder approval.

Resolution 3(a) is put to Shareholders for the purpose of approving the participation by Mr Thompson (Managing Director) in the LTIP.

The Company is seeking the approval of Shareholders in Resolution 3 to allocate to Mr Thompson up to 900,000 Performance Rights (which may vest in accordance with the criteria set out below), to acquire ordinary shares in the Company, as detailed below. Each Performance Right will constitute the right to acquire, for nil consideration, one (1) fully-paid ordinary share in the Company, if the Right becomes exercisable as described below. No amount is payable by Mr Thompson on either the grant or the exercise of a Performance Right.

If approved, the Performance Rights will be issued to Mr Thompson as soon as practicable following Shareholder approval and expected by 30 November 2012.

Tranches for Mr Thompson	Company Performance Period (Inclusive)
300,000 Performance Rights	1 July 2012 to 30 June 2015
300,000 Performance Rights	1 July 2013 to 30 June 2016
300,000 Performance Rights	1 July 2014 to 30 June 2017

Justification and Reasonableness

The Directors (excluding Mr Thompson) believe that the continued success of the Company will depend in large measure on the skills, motivation and leadership of Mr Thompson in overseeing the management of the Company's operations and strategy. The Directors (excluding Mr Thompson) have taken into account the nature of Mr Thompson's position, the function and purpose of the long term incentive component of the Company's remuneration strategy, benchmarking against the practices of its Australian peer companies and other relevant information provided by external remuneration consultants. The Directors (excluding Mr Thompson) consider that the grant of these Performance Rights is an appropriate form of incentive remuneration and is part of a reasonable total reward package (taking into account the Company's and Mr Thompson's respective circumstances).

Performance Criteria – Total Shareholder Return Comparative Ranking and Earnings Per Share Growth

The ability of Mr Thompson to exercise the Performance Rights referred to above is subject to satisfaction of the performance criteria that is based on the Company's performance over the relevant Performance Periods and determined by reference to the following criteria:

- 1) Total Shareholder Return ("TSR") performance of the Company over the Performance Periods when compared with the TSR for each company in a group of peer companies.

The peer group of companies comprises the companies listed in the ASX Consumer Staples sector (after excluding alcohol and tobacco products companies). A peer company continues to be included in the comparator group for the entire Performance Period, excepting where the company is de-listed due to takeover or merger. Any new entrants into the ASX sector during the performance period are included.

- 2) Earnings Per Share ("EPS") growth absolutely over the Performance Period.

Measuring Performance and Connecting Reward

- 1) The Company's TSR performance ranking within the group of peer companies at the end of each Performance Period determines how many Performance Rights in each tranche may be exercised by Mr Thompson, as follows:

Performance Ranking Hurdle	Proportion of Tranche That Vests
At or above 75 th percentile	One-half (i.e. 50%)
61 st to 74 th percentile	<i>Pro rata</i> vesting
60 th percentile	One-quarter (i.e. 25%)
Below 60 th percentile	None (i.e. 0%)

- 2) The Company's EPS growth at the end of each Performance Period must at least reach the target set by the Board, as approved through the Company's budgetary and planning processes. The growth in EPS determines how many Performance Rights in each tranche may be exercised by Mr Thompson, as follows:

Compounded Average Earnings Growth Hurdle	Proportion of Tranche That Vests
7% or higher per annum	One-half (i.e. 50%)
5.1% to 6.9% per annum	<i>Pro rata</i> vesting
5.0% per annum	One-quarter (i.e. 25%)
Below 5.0% per annum	None (i.e. 0%)

Exercise of Performance Rights

Any Performance Right that becomes capable of exercise may be exercised from the day following the last day of the relevant Performance Period or as soon as is practicable after the performance measurement calculation is made, and will remain capable of exercise for 12 months. Any Performance Rights in a tranche that do not become capable of exercise, or that are not exercised within this 12 month window, will lapse.

If there is a change of control event, then allocated Performance Rights will become exercisable, with the implied price of the Company's shares (on completion of any takeover or scheme of arrangement) being used to determine the Company's percentile performance ranking. In such an event, the Board may determine that all or a specified number of a Participant's Performance Rights will vest, having regard to the performance criteria applicable to the grant of the Performance Rights.

In the event of any capital reconstruction (such as a bonus issue or rights issue), the number of Performance Rights will be adjusted, at the discretion of the Board, in proportion to the impact of the capital reconstruction.

Shareholder approval for the grant of the Performance Rights is sought for the purposes of ASX Listing Rule 10.14 which provides that a Company must not permit a director to acquire securities under an employee incentive scheme without the approval of Shareholders, where that acquisition of securities is by way of an issue of new securities. Approval under Listing Rule 10.14 is an exception to the prohibition on a Company issuing shares to related parties under Listing Rule 10.11. At the Company's 2011 AGM, approval of the Plan was sought and obtained, for the purpose of Exception 9 under Listing Rule 7.2 (to the requirements of Listing Rule 7.1), to ensure that these Performance Rights do not otherwise count towards the Company's 15 per cent capacity to issue securities within any 12 month period (thus preserving flexibility for the Company).

Subject to Shareholder approval, the Performance Rights will be granted on the terms and conditions set out in these Explanatory Notes.

Requirements of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rules 10.15, the following information is provided to Shareholders to allow them to assess the proposed grant of Performance Rights:

- a) If approval is granted for the proposed Performance Rights issue to Mr Thompson, then it is intended to make grants of smaller amounts of Performance Rights under identical performance conditions to selected executives under the Long-Term Incentive Plan (as described in this Resolution 3(a)). Shareholder approval is not required for the grants of Performance Rights to these other executives;
- b) The first issue of Performance Rights to be made pursuant to the LTIP will be made on or around 30 November 2012.
- c) The maximum number of securities that may be issued pursuant to this arrangement in the year ending 30 June 2013 is 1,850,000 Performance Rights, including 900,000 Rights for the Managing Director. The balance of up to 950,000 Performance Rights will be allocated to selected executives and senior management (including key management personnel), the retention and motivation of whom is considered to be vital in the Company's progress of its strategy, with individual allocations of up to 60,000 Rights each year to be made, according to seniority and executive attributes;
- d) The maximum number of securities that may be issued pursuant to this arrangement over the three performance periods ending 30 June 2015, 2016 and 2017 respectively is 1,850,000 Performance Rights, including those for the Managing Director and Performance Rights already issued to selected executives,. If all of the performance hurdles applicable to Mr Thompson during those three years are achieved, and Mr Thompson seeks to exercise each of

his Rights, he would receive the maximum of 900,000 fully paid ordinary shares in the Company by late 2017. The balance of up to 950,000 Performance Rights will be allocated to the other participants (including key management personnel) in the LTIP;

- e) No amount is payable by Mr Thompson to acquire the Performance Rights (other than the provision of his services to the Company) or upon the exercise of a Performance Right (but the relevant performance criteria must first be satisfied before Performance Rights can be exercised);
- f) A voting exclusion statement is included in the Notice of Meeting (of which these notes form part);
- g) No loan is being made available to Mr Thompson by the Company in connection with this LTI arrangement; and,
- h) In the non-executive Directors' shared view, it is in the best interests of Shareholders to approve the share-based LTI arrangement for the Company's Managing Director, Mr Thompson, because it will align appropriately his potential total remuneration with shareholder returns due to the challenging performance hurdles the Company must achieve for the LTI components to become exercisable.

Key terms of the LTIP

Entitlements that can be offered under the LTIP

Under the Rules, Select Harvests has the flexibility to make offers to Eligible Persons (see below) of:

- a) Options, which are entitlements to shares in Select Harvests subject to the satisfaction of any performance conditions that Select Harvests may set and the payment of the applicable exercise price;
- b) Performance Rights, which are entitlements to receive shares in Select Harvests subject to the satisfaction of any performance conditions; and/or
- c) Deferred Shares, which are shares in Select Harvests that are subject to certain restrictions (most importantly, restrictions on trading),

(collectively, **Entitlements**).

Eligible participants

The Board may, in its absolute discretion, make offers from time to time under the Rules to employees of Select Harvests and the Select Harvests group (including a director employed in an executive capacity) or any other person declared by the Board to be eligible (**Eligible Persons**). Eligible Persons who accept such offers will become participants in the LTIP (**Participants**).

Holding of Entitlements prior to vesting

Until the Entitlements granted to a Participant under the LTIP vest or become unrestricted, the Rules provide that they will be held on trust on behalf of the Participant, under the Select Harvests Employee Share Trust (the **Trust**). If that occurs, the Participant will be issued share units in the Trust that is allocated the Options, Performance Rights or Deferred Shares referable to the relevant Entitlements that have been granted to the Participant under the LTIP. The Rules also allow Entitlements to be held directly by the Participant.

Payment by Participants

While the Rules provide the Board with the flexibility to determine what, if any, amount must be paid by a Participant for an Entitlement grant:

- a) it is intended that a Participant will pay an amount equal to the value attributable to the relevant Entitlements (as determined under AASB2) in accordance with the terms of the Trust deed;

- b) the Participant will pay this amount using a non-recourse, interest free loan provided by the Trust to acquire Entitlements offered to the Participant under the LTIP and Select Harvests will provide the Trust with the necessary funds to purchase the Participant's Entitlements; and
- c) the loan will be repaid by the Participant when he or she sells or withdraws his or her shares from the Trust following the vesting of, or lifting of restrictions from, the Entitlements.

Treatment of Options and Performance Rights granted under the LTIP in the event of a rights issue, bonus issue or other capital reconstruction

The Rules contain a non-dilution adjustment mechanism for the benefit of Participants in the event of a rights issue or bonus issue.

The performance hurdles may be adjusted by the Board so that they fairly and reasonably reflect the effect of any reconstruction on the Company's growth targets.

Cessation of a Participant's employment

The Board has a discretion to determine that Entitlements either vest, lapse or are forfeited on cessation of a Participant's employment.

Entitlements will lapse or be forfeited where the Participant has acted fraudulently, dishonestly or in breach of his or her obligations to Select Harvests.

Change in control

If a change of control event occurs, such as a successful takeover bid for the Company, a scheme of arrangement or other compromise, or a resolution is put to shareholders to propose a voluntary winding up of the Company or an order is sought for the compulsory winding up of the Company (**Change of Control Event**), the Board may determine that all or a specified number of a Participant's Performance Rights will vest, having regard to the performance criteria applicable to the grant of the Performance Rights (**Accelerated Vesting**).

If a Change of Control Event occurs and the Board does not make a determination that Performance Rights will vest or determines that some but not all of the Performance Rights granted to a Participant will vest, any Performance Rights that have not vested will lapse, unless the Board determines otherwise.

The Board (other than Mr Thompson) unanimously recommends that shareholders vote in favour of Resolution 3(a).

Resolution 3(b) – Approval of Termination Benefits for Managing Director

Shareholder approval is being sought in Resolution 3(b) for the purposes of sections 200B and 200E of the Corporations Act for the termination benefits that may be given to Mr Thompson under rules of the LTIP providing for Accelerated Vesting of Performance Rights if a Change of Control Event occurs. As described above, if a Change of Control Event occurs, the Board may determine that all or a specified number of a Participant's Performance Rights will vest, having regard to the performance criteria applicable to the grant of the Performance Rights.

This Resolution *does not* seek approval for the granting or vesting of any additional Performance Rights to those described in Resolution 3(a) but only for the termination benefits comprised by the Accelerated Vesting of Performance Rights granted to Mr Thompson in accordance with the rules of the LTIP, in circumstances where Mr Thompson's office as Managing Director of the Company is terminated, or Mr Thompson retires from that office, in connection with the Change in Control.

The amount and value of the termination benefits for which approval is sought is the maximum number of Performance Rights that may vest in accordance with the rules of the LTIP. The details of the grant of Performance Rights are provided in the information relating to Resolution 3(a) above.

The value of those Performance Rights cannot be ascertained as at the date of this Notice of Meeting and Explanatory Notes. This is because the value of those Performance Rights may be affected by various matters, events or circumstances affecting the value of the Company's shares, and the other matters arising under the LTIP and the grant of Performance Rights.

The Board (other than Mr Thompson) unanimously recommends that shareholders vote in favour of Resolution 3(b).

SPECIAL RESOLUTION

Resolution 4 – Approval of New Constitution

1.1 Background

The Board proposes that the Company adopt a new Constitution.

Since adoption of the Company's existing Constitution in 2000, (**Existing Constitution**), there have been a number of significant amendments to Australian corporations legislation and to the Listing Rules. As a result of these changes, parts of the Company's Existing Constitution are inconsistent with the current requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**) (references in the Existing Constitution are to the Corporations Law) or the Listing Rules of ASX, and some of its provisions have become redundant or outdated. There have also been many developments in corporate governance principles and general corporate practice since 2000.

Rather than making a large number of small amendments to the Existing Constitution to accommodate these developments, the Board recommends that a new constitution be adopted by the Company (**New Constitution**).

As the Existing Constitution was prepared after the Corporations Law was amended by the *Company Law Review Act 1998* (**CLRA**), which occurred on 1 July 1998, the Existing Constitution reflects the amendments made under that legislation which changed a number of important rules of company law relating to matters such as "par value" of shares, the authorisation of share buy-backs and reductions of capital, the conduct of meetings and various matters for which Shareholder approval was previously required but is no longer required.

Consequently, in many regards the structure and effect of the proposed new Constitution (**New Constitution**) are not materially different from that of the Existing Constitution in relation to fundamental rules, but provide a significant update to reflect further changes to the law, and developments in corporate governance practice over the 12 years since the Existing Constitution was adopted. The information provided below is intended to identify the main differences between the provisions of the New Constitution and the Existing Constitution, as well as provide an overview of the operation of those provisions. However, it is not a summary of all the provisions of the New Constitution, nor does it refer to all of the differences between the New Constitution and the Existing Constitution.

Copies of the New Constitution and the Existing Constitution are available on the Company's website at <http://www.selectharvests.com.au> and one or both can be obtained by contacting the Company on (03) 9474 3544. A copy of the New Constitution will also be available for inspection at the Annual General Meeting.

1.2 Differences between the New Constitution and Existing Constitution

Members' Meetings

The Existing Constitution is consistent with the key provisions of the Corporations Act relating to calling meetings of members and the conduct of the meeting. The New Constitution provides for additional flexibility in relation to provision of notice by electronic means, direct voting and amends and updates rules relating to the appointment of, and voting by, proxies.

Among the latter amendments, the New Constitution includes "saving" rules to provide that proxies cast by persons in circumstances where the casting of the vote would be an offence, will not be counted by the Company. This provision may be important in relation to the prohibition on voting by key management personnel or their closely related parties in relation to certain resolutions regarding the remuneration of key management personnel.

Notices of meeting

The Corporations Act now enables companies to give notices and reports to members by a range of electronic means, including (for example) by sending a notice of meeting by email or sending an email advising that the notice of meeting is available for viewing or downloading from a company's website. The New Constitution incorporates provisions that allow the Company to serve notice using the range of methods now permitted by the Corporations Act, and that deem service to occur on the date of electronic transmission or electronic notification of the notice:

Where a general meeting is adjourned for more than 30 days, the New Constitution will require notice of the adjourned meeting to be given as if it were an original general meeting.

Proxies, representatives and voting rights

The Corporations Act now:

- (a) provides that a member entitled to cast more than one vote at a meeting may appoint two proxies and where the member fails to specify the proportion of votes each proxy may exercise, each proxy may exercise half of the votes (disregarding any fractions of votes). The New Constitution reflects this rule;
- (b) prohibits directors from stipulating what will constitute a valid form of proxy and does not require proxy appointments to be in writing. Instead, a form of proxy will be valid if it contains the information prescribed by section 250A of the Corporations Act. Thus, Article 11.2 of the Existing Constitution, which prescribes the form of an appointment of a proxy, has not been retained in the New Constitution and the New Constitution does not maintain the requirement that proxy appointments be in writing; and
- (c) enables a company to allow proxy appointments to be authenticated by the appointing member in a way permitted by the Corporations Regulations and to be lodged by electronic means made available by the Company. In contrast, before the CLERPA, proxy appointments needed to be signed by the appointing member and there was doubt as to whether they could be lodged electronically. The Corporations Regulations specify requirements for the authentication of proxy appointments by electronic means (such as email or through an online facility). The New Constitution reflects the current position under the Corporations Act.

In line with developments in corporate practice, the New Constitution also differs from the Existing Constitution in the following respects in relation to proxy appointments:

- (a) unless otherwise provided in the instrument appointing the proxy or attorney, the New Constitution will have the effect that the appointment of a proxy or attorney will be taken to confer authority to vote on motions moved at the meeting but not referred to in the notice of meeting (including, for example, a motion for amendment of a proposed resolution or that a proposed resolution not be put, and any procedural motion – such as a motion for adjournment of the meeting);
- (b) amendments, as noted above, to provide that where a proxy is cast by a person in circumstances which would constitute an offence under the Corporations Act, the relevant votes will not be counted by the Company. This rule may apply in circumstances where proxies cast on behalf of members of the Company's key

management personnel, or closely related persons of those personnel, as those terms are used in the Corporations Act, inadvertently cast votes in relation to remuneration of key management personnel. The effect of the new rule is to prevent those proxies from being counted towards a vote from which they are excluded; and

- (c) amendments to remove certain procedural requirements relating to the appointment of proxies, which are now governed by provisions of the Corporations Act.

Conduct of meetings

The Corporations Act also now enables meetings of members to be held at two or more venues using any technology that gives the members as a whole a reasonable opportunity to participate, should the directors choose to avail themselves of this provision. The New Constitution reflects this position.

In light of common corporate practice and legislative developments, the New Constitution also updates various provisions relating to the conduct of meetings of members that differ from, the Existing Constitution but are now commonly adopted. In particular, the New Constitution:

- (a) confirms the chairperson's power to determine the general conduct of each general meeting of the Company (including the procedures to be adopted at the meeting for the election of directors or otherwise), and to provide that no vote may be taken by the members on the chairperson's determination of any dispute on a question of procedure;
- (b) reinforces the voting exclusion requirements of the Corporations Act or the Listing Rules (which, in broad terms, apply where a member has a personal interest in, or is associated with a person who has a personal interest in, the outcome of a particular resolution), including by providing that a member is not entitled to vote on a resolution where the Corporations Act or Listing Rules have the effect that the member's vote on that resolution must be disregarded and that any vote purportedly cast by a member contrary to these requirements will be invalid;
- (c) confirms that a personal representative or trustee or administrator of a deceased member (or a member who has become mentally or physically incapacitated) may exercise the member's rights at general meetings of the Company (and that several executors or administrators of a deceased member will be taken to be joint holders);
- (d) reinforces the statutory rights of Shareholders and the Company's auditor (or its representative) to be heard at annual general meetings of the Company;
- (e) confirms that the chairperson may elect to vacate the chair for any part of a general meeting in favour of any person nominated by the chairperson (who must be a director unless no director is present and willing to act), and provides that the nominee will have all the powers of the chairperson for the relevant part of the meeting (other than the power to adjourn the meeting);
- (f) provides that a decision of a general meeting may not be impeached or invalidated on the ground that a person voting at the meeting was not entitled to do so;
- (g) provides that a poll cannot be demanded on any resolution concerning the election of the chairperson, as permitted by the Corporations Act. In contrast, the Existing Constitution allows a poll to be demanded on any such resolution; and
- (h) extends the chairperson's power to ask a person to leave and not return to a meeting to cover any circumstance where the person causes disruption to the meeting and gives

the chairperson the power to delegate his or her powers to refuse a person admission to, or to ask a person to leave, a meeting to any person the chairperson thinks fit.

Direct voting

The Existing Constitution presently permits members to appoint proxies to attend general meetings and vote on the appointing member's behalf. An appointment may specify how the member wishes their proxy to vote. However, those wishes may not be given effect unless the proxy actually votes on behalf of the member.

To reduce the risk of members' wishes being ineffective, the New Constitution will allow members, in certain circumstances, to have a direct vote.

Direct votes will be cast by appointing a proxy in the usual way, but indicating on the proxy form that directions on the proxy form are to be regarded as direct votes. Members casting direct votes will be counted for the purpose of determining whether there is a quorum present at the meeting.

The directors intend that direct voting will apply to future general meetings of the Company (except to the extent that they decide otherwise either generally, or for a particular meeting or a particular class of meeting) and propose to add wording to future proxy forms so that all directions will give rise to direct votes. You will be free, however, to indicate on the proxy form that you do not wish to cast a direct vote and that your proxy is appointed to vote on your behalf.

Direct votes will not necessarily apply to all future votes. For direct votes to be cast, the proxy form must indicate that directions are to be regarded as direct votes (as above). In addition, the Directors will be given the power to prevent direct voting in relation to particular resolutions. The Directors have no present intention to use this power but may do so if, for example, there is a future legal challenge to the validity of direct voting or if they believe that votes on a particular resolution should only be cast after consideration of the discussion at the general meeting.

Direct votes will not be counted on a show of hands but only on a poll. However, to ensure that members' wishes are carried out, the New Constitution will also place a duty on the chairperson to call a poll if the chairperson is aware that direct votes and directions to proxies could change the outcome of a vote.

Direct votes will apply to the primary resolution as amended by the meeting. However, on the question of whether to amend a primary resolution, a proxy form would normally give no direction and, therefore, the proxy you appoint in order to give effect to your direct vote would be authorised to vote on your behalf as the proxy thinks fit. (The proxy would also be authorised to vote on all procedural motions in these circumstances.)

Members' wishes in relation to amendment of direct votes will be protected by the chairperson's discretion to reject amendments which change the fundamental nature of the resolution.

Directors' interests

- (a) Since the commencement of the *Corporate Law Economic Reform Program Act 1999 (CLERPA)* on 13 March 2000, directors of public companies have been subject to a statutory obligation to disclose any material personal interest in a matter that relates to the affairs of the company, with limited exceptions. Given the introduction of this statutory duty of disclosure, it is considered unnecessary for the Directors to be subject to separate, and to some extent inconsistent, additional disclosure obligations under the general law and the constitution.

Accordingly, the New Constitution refers to the Corporations Act disclosure obligations and limits the Directors' disclosure obligations to those imposed under the Corporations Act.

- (b) Where the Corporations Act so requires, Directors having an interest in a matter being considered at a Directors' meeting will be prohibited from being present at that meeting or voting on the matter (and from being counted in a quorum in relation to consideration of that matter). Where the Corporations Act does not prevent a Director from voting on a matter in which they have an interest, the Director will be able to vote on the matter.
- (c) The New Constitution will also ensure that voting contrary to the requirements of the Corporations Act will not render any contract or arrangement in which the Director has an interest void or voidable, and nor will the fact of the Director's interest or the fact that the Director holds office as a director and has fiduciary obligations arising from that office.
- (d) The New Constitution will also ensure that a Director may be or become a director or other officer of, or otherwise be interested in, any related body corporate of the Company or any other body corporate promoted by the Company or in which the Company has an interest, and that the Director will be entitled to keep any remuneration or other benefits received by the Director as a result of such office or interest.

Directors' meetings and resolutions

The Corporations Act permits directors of a company to call and hold directors' meetings using any technology consented to by all directors of the company and allows each director to give a standing consent for this purpose. The New Constitution reflects this position.

The New Constitution also includes new rules providing for greater flexibility in the manner in which Directors may sign or consent to written resolutions without holding a meeting of Directors. These provisions allow for a variety of means by which Directors may receive the relevant resolutions and associated materials, and signify their consent to the resolution – eg, consenting by electronic means, communicating their consent by telephone to the Chair or to the company secretary or by delivery of the consent to the Company's registered office. By providing for this flexibility, the New Constitution removes some practical obstacles to Directors consenting to written resolutions.

Sale of main undertaking

The Existing Constitution (Article 14.4) expressly requires the sale of the Company's main undertaking to be approved by Shareholders, subject to a voting restriction. The New Constitution will not replicate this requirement leaving regulation of this area to the Listing Rules. If the requirement is left in the Constitution, but amended in the Listing Rules, the Company will be subject to both regimes.

In broad terms, the Listing Rules require Shareholder approval for the disposal of a company's main undertaking where this occurs in the context of a significant change in the nature or scale of the company's activities.

Sale of non-marketable parcels of Shares

The Existing Constitution contains a procedure that, subject to certain restrictions, enables the Company to invoke a procedure under which Ordinary Shares held by members who hold less than a 'marketable parcel' of shares (known as a 'non-marketable parcel') may be sold by the Company on their behalf, unless the member gives notice to the Company by a specified date that they wish to keep their shares. The procedure may only be invoked once in any 12 month period. In addition the procedure may be applied to a non-marketable parcel arising from a transfer of shares registered after the date the New Constitution is adopted (**Future Transfer**).

The New Constitution updates these rules to be consistent with the current ASX Settlement Operating Rules and current practice in corporate governance.

A non-marketable parcel of quoted Ordinary Shares is currently a parcel worth less than A\$500 (based on the closing price of the Ordinary Shares).

If the Company wishes to invoke the procedure for sale of non-marketable parcels of Ordinary Shares set out in the New Constitution (**Procedure**), the Company would be required to give notice to each member (or to each member whose shares are not held in a CHESS holding) who holds a non-marketable parcel of Ordinary Shares. Each member, excluding a member whose non-marketable parcel arises from a Future Transfer, would then have at least six weeks from the date of service of the notice (**Relevant Period**) to notify the Company that the member wishes to keep its Ordinary Shares. If a member does not (or is not entitled to) notify the company within the Relevant Period that the member wishes to keep its Ordinary Shares, then the Company may:

- (a) in the case of CHESS holdings, move the Ordinary Shares from the CHESS holding to an issuer-sponsored holding in accordance with the ASX Settlement Operating Rules for the purpose of divestment by the Company in accordance with the Procedure; and
- (b) in any case, sell the member's Ordinary Shares as agent for and on behalf of the member in accordance with the Procedure,

but only if the member's holding remains a non-marketable parcel at the end of the Relevant Period.

Any Ordinary Shares sold on a member's behalf in accordance with the Procedure are to be sold on their behalf on the terms, in the manner (whether on-market, by private treaty or otherwise) and at the time or times determined by the Directors. The proceeds of the sale (less any unpaid calls and interests) would be paid to the relevant member or as the member directs. Subject to the Corporations Act, the Company or the purchaser will bear any costs of sale.

Transfer of Shares

The New Constitution contains updated provisions relating to the transfer of shares, including to:

- (a) reflect the current processes by which trading and settlement of the Company's shares occurs electronically through the CHESS system and other matters that are now determined in accordance with specific provisions of the Corporations Regulations and the ASX Settlement Operating Rules. The Existing Constitution refers to outdated versions of the ASX market rules and clearing and settlement rules;
- (b) give the Directors the discretion to refuse to register a transfer of Shares or other securities that are not quoted by ASX;

- (c) provide that the Company may charge a fee to a transferor or transferee of Shares to register off-market transfers of Shares, except whether it is prohibited from doing so by the Listing Rules;
- (d) confirm that the Directors may refuse to register a transfer of quoted securities in the circumstances permitted by the Listing Rules; and
- (e) recognise the Company's flexibility to participate in any clearing and settlement facility for transactions in its Shares that is approved by regulation from time to time (in addition to the approved facility known as CHESS and operated by ASX Settlement) in accordance with the provisions of the Corporations Act. The Company's participation in any such facility will be required to comply with the operating rules of the facility.

Shareholder disclosure

The New Constitution will require a member to provide information to the Company, within a specified timeframe, where the member has entered into any arrangement restricting the transfer or other disposal of Shares that is of a kind required to be disclosed by the Company under the Corporations Act or the Listing Rules. By way of example, disclosure is required of the forthcoming release of any restricted securities not less than ten business days before they are released (Listing Rule 3.10A) as disclosure is required to be made in the Company's Annual Report of details of securities subject to escrow (Listing Rule 4.10.14).

Nomination of Directors

The New Constitution amends the deadline for depositing notices of nomination for election as a director with a listed company from at least 30 business days before the general meeting at which directors are to be elected to at least 35 business days before the meeting, to be consistent with the ASX default deadline.

The New Constitution also contains a rule providing that a Director who held office immediately before a spill resolution (a resolution to spill the Board required to be put to a general meeting within 90 days of the Company recording a second "strike" – a vote of 25% or more against the remuneration report – under the "two strikes" rule) is eligible to be re-elected. The Existing Constitution does not address this issue, which arises as a result of changes to the Corporations Act which took effect in July 2011.

Retirement of Directors

The Existing Constitution provides (Article 12.4) that at a general meeting one third of the Directors must retire from office, and any other Director who has been in office for 3 years or more since the last election of that Director (other than a Managing Director), must retire from office.

This Article imposes higher retirements than are required by the Listing Rules. The Listing Rules require that no Director (other than a Managing Director) who has been in office for 3 years or more since the last election of that Director may hold office without submitting for re-election, but not that one third (or the number nearest to one third) must retire. The Listing Rules also provide that there must be at least an annual election of directors.

The New Constitution reflects the requirements of the Listing Rules, and also provides that if no such Director is required to retire, at a time where the Listing Rules require an election of Directors to be held at a general meeting, then the Director to retire will be the one who has been longest in office since last being elected (and that if there are two such Directors, they will agree among themselves, or decide by lot, who is to retire and submit for re-election if they wish).

Suspension of Directors

The New Constitution includes provisions that will enable a Director to be suspended from office where a majority of the Directors at a meeting consider that the conduct or position of the Director is such that his or her continuance in office is prejudicial to the interests of the Company (new Rules 61.3 to 61.6). Within 14 days of the suspension, the Directors must call a general meeting at which members may consider a motion to remove the director from office. If the motion is not carried, the Director's office is reinstated.

Directors' remuneration

The New Constitution permits the Company to provide remuneration to the executive and non-executive Directors in any non-cash form (including, for example, by provision of shares under a share plan introduced by the Company), provided that, in the case of the non-executive Directors, the total value of their remuneration in aggregate must not exceed the cap approved by Shareholders from time to time. This cap is currently \$580,000 per annum, approved by the members at the Company's Annual General Meeting in 2010, and an increase is not currently proposed.

Board size

The Existing Constitution provides that the minimum number of Directors shall be 3 and for there to be a maximum number of 15 Directors (Rule 59.2). The Board considers that it is unlikely that there would be circumstances in which there would be 15 Directors in office, and that an appropriate maximum number of Directors for the Company is 7. The New Constitution provides that the maximum number of Directors is 7.

Indemnities

The New Constitution contains updated provisions (Rule 105) relating to the scope of the indemnities that may be given to officers so as to reflect the maximum extent of indemnification now permitted by the Corporations Act and to avoid unnecessary complexity arising from inconsistencies between the Constitution and the Corporations Act (and potentially, the provisions of insurances policies which the Company may hold).

Under the New Constitution, the Company may indemnify the current and former directors and company secretaries of the Company, to the extent permitted by law, against any liability (other than for legal costs) incurred in their capacity as an officer of the Company, and against reasonable legal costs incurred in defending an action for a liability allegedly incurred by that person as an officer of the Company (including for liabilities and legal costs, respectively, incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment).

The New Constitution will also ensure that the Company may advance amounts to a current or former officer to assist them to fund their legal costs in defending proceedings brought against them in their capacity as a current or former officer, before the outcome of the proceedings (and their entitlement to indemnification) is known. Once the outcome is known, amounts advanced to the officer will be repayable if the officer would not be entitled to indemnification for the relevant legal costs.

The New Constitution will also permit the Company to enter into a deed with any person to give effect to the rights conferred by the indemnification provisions of the New Constitution on such terms as the Directors think fit and which are not more favourable to the person than permitted under the New Constitution.

Dividends

The New Constitution permits Directors to declare or determine a dividend and also enables the Directors to revoke or amend a decision to pay a dividend, before the date scheduled for payment, as now permitted by the Corporations Act. This may occur, for example, where the Company's financial position no longer justifies the payment.

The New Constitution is consistent with the prohibition in section 254T of the Corporations Act on a company paying a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's Shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors,

and, unlike the Existing Constitution, does not expressly require dividends to be paid or payable out of profits on the basis that this is no longer an express requirement of section 254T.

In line with the practice of many other listed companies, the New Constitution will also ensure that the Company may pay dividends and other amounts payable to a Shareholder not only by cheque but by electronic funds transfer (or other electronic means) to an account with a bank or other financial institution nominated by a Shareholder (or a joint holder) and acceptable to the Company, or by any other means determined by the Directors (rather than only by cheque). Dividends or other payments made by a permitted method will be made at the risk of the relevant Shareholder (or joint holders). If the Directors decide that payments will be made by electronic transfer to an account nominated by a Shareholder, but no such account is nominated or an electronic transfer is refunded or rejected, the Company may credit the relevant amount to an account of the Company to be held until the Shareholder nominates a valid account.

A debt owing to a member will not arise unless a dividend has been declared or the time specified for payment of a dividend has passed.

In addition, to address a degree of uncertainty regarding when earnings are taken to be appropriated in the Company's account – eg, when they are carried to the profit and loss account with the effect that they may be inadvertently appropriated to make good accumulated losses (a risk arising as the result of a recent ruling by the Australian Taxation Office) – the New Constitution includes rules which provide that:

- (a) a resolution by the Directors to declare or determine a dividend will be taken to have set aside the amount available for distribution as a dividend; and
- (b) an amount is not taken to be appropriated except pursuant to a resolution by Directors.

Takeover approvals

Background

The Existing Constitution contained a proportional takeover rule (Article 7.8), which requires that before acceptances of offers under a proportional takeover offer – an offer by a bidder to acquire a percentage of the shares held by each Shareholder – become effective, the proportional takeover offer must be approved by Shareholders in general meeting. Because this rule lapses (by force of the Corporations Act) after 3 years from the time it was incorporated in a constitution, or last renewed, Article 7.8 of the Existing Constitution has lapsed as it has not been renewed within the last 3 years. By operation of section 648G(3) of the Corporations Act, Article 7.8 has been removed from the Constitution.

The New Constitution includes a revised version of these provisions, updated to reflect current drafting practices, but substantially similar in operation to Article 7.8 of the Existing Constitution. By including a proportional takeover rule (Rule 100) in the New Constitution, the Rule will be effective for a period of 3 years from the date the resolution to adopt the New Constitution is approved, when it must be renewed by Shareholder approval (by special resolution) in order for it to continue to operate.

Effect of the Rule (section 648G(5)(c))

In general terms, the effect of including Rule 100 is as follows:

- (a) if a proportional takeover bid – being an off-market takeover bid for a specified proportion (as opposed to 100%) of each member's securities in the Company – is received by the Company, the Board must ensure that a meeting of Shareholders is held no later than the 14th day before the last day of the bid period to consider a resolution (the **Approving Resolution**) in respect of whether the proportional takeover bid should proceed;
- (b) if the Approving Resolution is passed by Shareholders (by a simple majority – excluding the shares of the bidder and its associates), the proportional takeover bid may proceed and all takeover contracts formed between the bidder and accepting Shareholders may become binding (subject to satisfaction of any bid conditions). A proportional takeover offer is an offer by a bidder to acquire a specified proportion of the Shares held by each Shareholder; and
- (c) if the Approving Resolution is not passed by Shareholders (by a simple majority – excluding the shares of the bidder and its associates), the proportional takeover offer is taken to have been withdrawn.

The proportional takeover rule does not apply to a full takeover offer (under which a bidder offers to acquire 100% of the Shares held by each Shareholder).

Reasons for proposed inclusion of the Rule (section 648G(5)(d))

The predecessor provisions to the current rules were first introduced into the law in 1986 following a recommendation of the Companies and Securities Law Review Committee Report to the Ministerial Council on Partial Bids. The Report favoured the view that takeover approval provisions allow Shareholders to act cohesively in response to partial bids, and help to avoid a situation where:

- (a) control of the Company may pass without existing Shareholders having the opportunity to dispose of all their shares;

- (b) control of the Company may pass without existing Shareholders receiving a control premium; and
- (c) existing Shareholders may become minority Shareholders in the Company against their will. Including the proportional takeover rule was considered to provide existing Shareholders with an opportunity to ascertain the views of other Shareholders and, through the materials provided in connection with a proposed Shareholder meeting to consider a proportional takeover and at the meeting itself to consider an Approving Resolution, obtain more information regarding the proportional takeover offer and the likely outcome of the offer.

Without the proportional takeover rule, if there was a proportional takeover offer for the Company and Shareholders considered it likely that control of the Company would pass to the bidder, Shareholder may feel pressured to accept the offer even if they did not want control to pass on the terms of the proportional takeover offer. Including Rule 100 may make this outcome less likely by providing Shareholders with the opportunity to decide by simple majority whether the Approving Resolution should be passed.

Other possible advantages and disadvantages of including Rule 100, in addition to the issues set out in paragraphs (a) to (c) immediately above, are set out below.

Control transaction proposals (section 648G(5)(e))

For the purposes of section 648G(5)(e) of the Corporations Act, the Board advises that, as at the date of these Explanatory Notes, no Director is aware of any proposal to acquire or increase the extent of a substantial interest in the Company.

Potential advantages and disadvantages (section 648G(5)(g))

An overarching consideration, and a possible reason against including the proportional takeover rule, is that the need to continually renew the rule every 3 years, and to comply with the legislative disclosure requirements, is an additional regular compliance requirement for the Company. In particular the Corporations Act requires that the Explanatory Notes provided to Shareholders who are asked to approve the renewal of the proportional takeover rule review the advantages and disadvantages of the provisions for both "the directors and the company's members". The advantages and disadvantages included in the Explanatory Notes may arguably focus on the advantages and disadvantages to the Company's members rather than the directors: in the ordinary case where none of the directors has a controlling interest or other special position in relation to the Company, the relevant advantages and disadvantages to the directors are arguably the same as for the Shareholders.

However, there is, a possible argument that any provisions which reduce the likelihood of a control transaction proceeding may reduce the likelihood of directors being replaced, such that the existence of the proportional takeover rule may tend to entrench the incumbent directors. The Board considers that this argument is not that strong as no special circumstances apply in the case of any of the directors in relation to their appointment or election. For example, none of the current directors has been appointed as a nominee or representative of any substantial shareholder, and each of the directors will retire from time to time and may seek re-election in accordance with the Listing Rules and the New Constitution.

On balance, the Board believes that it is in the best interests of Shareholders to include Rule 100 as it does provide Shareholders with protection against opportunistic or nil-premium transactions which may be to their disadvantage, and that this consideration may be significant enough to warrant the Company including the Rule in the New Constitution and to consider its renewal prior to its expiry in 3 years time.

Members of a class may act (section 648G(6))

The Corporations Act provides that if a company alters its constitution to insert a proportional takeover provision or renew a proportional takeover provisions, members who hold not less than 10% (by number) of a class of shares may, within 21 days after the alteration, apply to the Court to have the alteration or renewal set aside to the extent to which it relates to that class of shares. The Court may make an order to set aside the alteration or renewal to the extent to which it applies to that class of shares if it is satisfied that it is appropriate in all the circumstances to do so.

Unless and until the Court makes an order setting aside the purported alteration or renewal, the company is taken to have made the alteration or renewal.

Miscellaneous

The New Constitution includes 'boilerplate' interpretation provisions of a kind commonly included in company constitutions.

The terminology in the New Constitution has been updated to reflect current terminology in the Corporations Act and Listing Rules, and references in the Existing Constitution to superseded provisions of the law or listing rules have been updated to refer to the currently applicable provisions.

1.3 Voting requirements

The resolution adopting the New Constitution and repealing the Existing Constitution is required by the Corporations Act to be passed by a special resolution. A special resolution must be passed by at least 75% of the votes cast by members who are present (whether in person, or by proxy, attorney or representative) and entitled to vote at the meeting.

Please note that voting will proceed in accordance with the Existing Constitution and only Shareholders named in the Register of Members as at the Voting Entitlement Time will be entitled to vote.

Select Harvests Limited

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By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2.00 pm (Melbourne time) Sunday 18 November 2012

How to Vote on Items of Business

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

Appointment of Proxy

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

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

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Select Harvests Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Select Harvests Limited to be held at the Sofitel Melbourne, 25 Collins Street, Melbourne on Tuesday, 20 November 2012 at 2.00 pm (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 3(a) and 3(b) (except where I/we have indicated a different voting intention below) even though Items 1, 3(a) and 3(b) are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 3(a) and 3(b) by marking the appropriate box in step 2 below.

STEP 2 Items of Business



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

		For	Against	Abstain
Item 1	Remuneration Report	☐	☐	☐
Item 2(a)	Re-election of Fred Grimwade as a Director of the Company	☐	☐	☐
Item 2(b)	Re-election of Paul Riordan as a Director of the Company	☐	☐	☐
Item 2(c)	Election of Peter Carey as a Director of the Company	☐	☐	☐
Item 3(a)	Participation by the Managing Director in the Long Term Incentive Plan	☐	☐	☐
Item 3(b)	Approval of Termination Benefits for Managing Director	☐	☐	☐
Item 4	Approval of New Constitution	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business with the exception of Item 2(c) where the Chairman of the Meeting will vote against.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /