

BELLAMY'S AUSTRALIA LIMITED

NOTICE OF 2014 ANNUAL GENERAL MEETING

Notice is given that the 2014 Annual General Meeting of shareholders of Bellamy's Australia Limited (**Company**) will be held on Thursday, 30 October 2014 at 11.00am (AEDT) at The Henry Jones Art Hotel, 25 Hunter Street, Hobart, Tasmania.

This Notice of Meeting and the resolutions should be read in conjunction with the Explanatory Notes which accompany this Notice.

1 Financial Statements and Reports

To receive and consider the Financial Report of the Company and the reports of the directors and auditor for the year ended 30 June 2014.

2 Election of Director

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

That Mr Michael Wadley, who was appointed as an additional director under rule 8(1)(b) of the Company's Constitution and vacates that office in accordance with rule 8(1)(d) of the Company's Constitution, and who is eligible for election, be elected as a director.

3 Remuneration Report

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

That the Remuneration Report for the year ended 30 June 2014 be adopted.

Please refer to the voting exclusion statement in the general information that follows.

Note - the vote on this resolution is advisory only and it does not bind the directors or the Company.

4 Appointment Of Auditor

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

That subject to the approval of the Australian Investments and Securities Commission, PricewaterhouseCoopers having consented to do so, be appointed as the external auditor of the Company.

5 Long Term Incentive Plan

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

That for the purposes of ASX Listing Rule 7.2 Exception 9, and for all other purposes, approval is given to the Directors of the Company to issue options or rights to acquire fully paid shares in the Company on and subject to the terms and conditions of the Long Term Incentive Plan, which are summarised in the Explanatory Notes to this Notice.

Please refer to the voting exclusion statement in the general information that follows.

6 Grant of Options to Managing Director

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

That for the purposes of Australian Securities Exchange Listing Rule 7.2 Exception 14 and Rule 10.14, and for all other purposes, the Company issue to Ms Laura McBain, the Managing Director and CEO, up to 2,550,000 options to acquire an equivalent number of ordinary shares in the capital of the Company in 2014, 2015 and 2016 in accordance with the Company's Long Term Incentive Plan as more particularly described in the Explanatory Notes to this Notice.

Please refer to the voting exclusion statement in the general information that follows.

By order of the Board

A handwritten signature in dark ink, appearing to read 'B. Green', with a long horizontal flourish extending to the right.

Brian Green
Company Secretary
26 September 2014

GENERAL INFORMATION

The accompanying Explanatory Notes form part of this Notice of Annual General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Notes have the same meanings when used in this Notice of Annual General Meeting.

How to Vote

If you wish to vote on the resolutions contained in this Notice, you should either attend or appoint a proxy or proxies to attend on your behalf.

Proxy Entitlements

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Board has determined that, for the purpose of Proxy at the meeting, shareholders are those persons who are the registered holders of Company shares at 5.00pm (AEDT) on Tuesday, 28 October 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

All shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a shareholder of the Company. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing shareholder can specify what proportion of their votes they want each proxy to exercise. If no proportion is specified, each proxy may exercise half the member's votes. Neither proxy may vote on a show of hands.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise all available votes in favour of the relevant resolution. In accordance with the *Corporations Act 2001* (Cth), any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed.

Voting Exclusion

In accordance with the *Corporations Act 2001* (Cth), the Company will disregard any votes cast on items 3 and 5:

- by or on behalf of a member of the Company's key management personnel as defined in the Explanatory Notes to this Notice (**KMP**) or other senior managers, or their closely related parties (such as close family members and any controlled companies), regardless of the capacity in which the vote is cast; or
 - as a proxy by a person who is a member of the KMP at the date of the AGM, or their closely related parties;
- and, in accordance with ASX Listing Rule 10.15, on items 5 and 6:
- by or on behalf of Mrs Laura McBain, any of her associates, or related parties;

however, votes will not be disregarded if:

- they are cast as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- they are cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

This means that the key management personnel of the Company (which includes each of the directors and executives named in the Company's 2014 Remuneration Report) and their closely related parties will not be able to vote as your proxy in the above circumstances unless you tell them how to vote, or the Chairman of the meeting is your proxy. If you intend to appoint a member of the key management personnel or one of their closely related parties as your proxy, please ensure that you direct them how to vote or otherwise they will not be able to cast a vote as your proxy on those items.

If you appoint the Chairman of the meeting as your proxy, you can direct him how to vote by marking one of the boxes for items 3, 5 and 6 (that is, to vote "for", "against" or "abstain"). If you appoint the Chairman of the meeting as your proxy or the Chairman of the meeting is appointed as your proxy by default, but you do not mark a box for items 3, 5 and 6, you will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect of that item even though the items are connected with the remuneration of the KMP.

Lodgement

A Proxy Form for the appointment of a proxy is enclosed with this Notice. If you wish to appoint a proxy, please complete the Proxy Form in accordance with the instructions on the back of the Proxy Form and return it to Link Market Services Pty Ltd:

- by post to Locked Bag A14, Sydney South, NSW 1235 Australia; or
- by facsimile to +61 2 9287 0309
- in person to Level 12, 680 George Street, Sydney NSW 2000, or 1A Homebush Bay Drive, Rhodes, NSW 2138

Alternatively, you may register your Proxy or proxy instructions electronically at the Share Registry website www.linkmarketservices.com.au.

To be valid, Proxy Forms or electronic Proxy instructions must be received by 11.00am (AEDT) on Tuesday, 28 October 2014.

Bodies Corporate

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

BELLAMY'S AUSTRALIA LIMITED 2014 ANNUAL GENERAL MEETING

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the shareholders of Bellamy's Australia Limited (**Company**) to provide information about the items of business to be considered at the Annual General Meeting (**AGM**) of shareholders to be held on Thursday, 30 October 2014.

The resolutions are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

These Explanatory Notes are important and should be read carefully by all shareholders.

ITEM 1 FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001* (Cth) (**Corporations Act**) requires the directors to place before the Annual General Meeting the Financial Report of the Company (which includes the Directors' Declaration, the Directors' Report and the Auditor's Report), for the financial year ended 30 June 2014.

No resolution is required for this item, but shareholders will be given the opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's auditor will also be present at the meeting and shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

The 2014 Annual Report is available on the Company's website at bellamysaustralia.com.au/reports.

ITEM 2 ELECTION OF DIRECTOR

Item 2 seeks approval for the election of Mr Wadley who was appointed by the directors under Rule 8(1)(b) of the Company's Constitution as an additional director on 19 June 2014. Rule 8(1)(d) states that a director so appointed holds office until the conclusion of the next annual general meeting. Mr Wadley is eligible for election under Rule 8(1)(i) and offers himself for election as a director of the Company.

Mr Michael Wadley
Non-executive Director



Mr Wadley has been a non-executive director since June 2014. He is the Chairman of the Remuneration and Nomination Committee and a member of the Finance, Audit and Risk Committee. He is an independent director.

Mr Wadley has developed extensive experience over the past 20 years providing corporate advisory and legal services to foreign investors throughout China and to Chinese groups investing offshore.

He has resided in Shanghai for the past 12 years where he is a principal at Wadley Consulting Shanghai Co. Ltd, a Senior China Consultant for Hopgood Gamin, on the Board of Directors of the Australian Chamber of Commerce (Shanghai), and a Co-Chairman of the Chamber's Financial Services Industry Working Group. Mr Wadley is a committee member of the Australian China Business Council (Queensland) and a member of the Australian Institute of Company Directors.

Mr Wadley holds a Bachelor of Laws from Queensland University, and is admitted to practice in the Supreme Court of Queensland, the High and Federal Courts of Australia, and is registered as a foreign lawyer in China and Hong Kong.

The Board (with the exception of Mr Wadley), recommends that you vote in favour of this resolution.

ITEM 3 REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act.

The Remuneration Report details the Company's policy on the remuneration of non-executive directors and the Managing Director and CEO and is set out on pages 21 to 25 of the 2014 Annual Report, which is available on the Company's website at bellamysaustralia.com.au/reports.

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

A reasonable opportunity will be provided for shareholders to ask questions about or to make comments on the Remuneration Report at the AGM.

The Board recommends that shareholders vote in favour of this resolution.

ITEM 4 APPOINTMENT OF AUDITOR

Due to the auditor rotation requirements under section 324DA of the Corporations Act, the current auditor will be ineligible to act as the Company's auditor for the financial year ending 30 June 2015. As a consequence, the Company conducted a competitive tender process for the performance of the audit in future years. PricewaterhouseCoopers was identified as the most suitable auditor.

In accordance with section 328B of the Corporations Act, Krisami Investments Pty Ltd, as a member of the Company, has nominated PricewaterhouseCoopers as auditor of the Company and PricewaterhouseCoopers has consented to the appointment. A copy of this nomination is follows this Notice.

Ruddick's has told the Company that it will resign as auditor with effect from the close of this Annual General Meeting.

Under the Corporations Act, shareholder approval is required for the appointment of a new auditor. Subject to this approval being obtained, the appointment of PricewaterhouseCoopers will become effective from the close of this Annual General Meeting.

The Board recommends that shareholders vote in favour of this resolution.

ITEM 5 LONG TERM INCENTIVE PLAN

Unless an exception in ASX Listing Rule 7.2 applies, Rule 7.1 provides that an ASX listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without shareholder approval (**15% Rule**).

At the time of listing, the Company had an established employee share option plan (**ESOP**) under which the Company had granted 2,200,000 options at the time of listing on 5 August 2014 (details of which were summarised in the Company's prospectus lodged with the Australian Securities and Investments Commission on 4 July 2014 (**Prospectus**)). No options under the ESOP have been granted since the Company listed.

The options granted in June 2014 under the ESOP were granted as an incentive to the Managing Director and CEO and senior managers (key management personnel (**KMP**)) in relation to the initial public offering process and vest subject to:

- (a) the Company achieving its pro-forma forecast net profit after tax for the financial year ending 30 June 2015 (FY2015) of \$5.0 million (as confirmed by the FY2015 financial results released to the ASX); and
- (b) the holder remains as an eligible employee at the time that the FY2015 financial results of the Company are released to the ASX.

The Remuneration and Nomination Committee (**RNC**) has undertaken a review of the Company's incentive arrangements for senior executives and agreed in principle to proceed with a new, more comprehensive, long term incentive plan. The Board has since approved the adoption of the Bellamy's Long Term Incentive Plan (**LTIP**), subject to shareholder approval. If

approved by shareholders, under Listing Rule 7.2 Exception 9 as an exception to the 15%Rule, the Board intends to issue future securities under the LTIP rather than the ESOP.

If such approval is obtained, any options or rights granted under the Plan (and shares allocated upon the exercise of the options or the vesting of the rights) will not be counted towards the Company's capacity to issue securities under the 15% Rule.

The approval will allow the issue of securities under the LTIP for three years, at which time it must be renewed, or it will expire. In the absence of an approval, the Board will review whether it continues to issue securities under the ESOP or, provided that any issue is within the 15%Rule, it may issue securities under the LTIP.

In the Board's opinion, the resolution to approve the LTIP will provide more flexibility than the ESOP and assist the efficient management of the Company's capital requirements by ensuring that the 15% limit is not diminished by issues under the LTIP and capacity is available for capital management initiatives and acquisitions, if necessary and appropriate.

The LTIP is the Company's principal vehicle to grant long term incentive awards and forms what the Board considers to be a key element of the Company's total remuneration strategy for KMP and other eligible senior managers. Awards under the LTIP will be in the form of options or rights that, subject to vesting conditions being met, will each allow the participant to acquire a fully paid ordinary share in the Company (respectively **Options** and **Rights**).

The primary objectives of the Plan are to:

- provide eligible employees with an additional incentive to work to improve the performance of the Company;
- promote and foster the loyalty and support of eligible employees for the benefit of the Company;
- enhance the relationship between the Company and eligible employees for the long term mutual benefit of all parties; and
- attract, maintain and motivate KMP and other employees essential for the growth and development of the Company.

A following provides a summary of the LPTI's key terms:

TERM	DETAIL
Purpose	The Plan will operate to allow the Board to grant equity awards in the form of Options or Rights as part of the long term incentive component of remuneration, as determined by the Board from time to time.
Options and Rights	Each Option or Right is in respect to one fully paid ordinary share in the Company (Share) (or an equivalent cash amount) upon satisfaction of the vesting conditions, and in the case of the Options, the exercise of the Options, as determined by the Board. Each grant will specify the number or value of shares in the Company that the

participant may receive if the vesting conditions are satisfied.

Eligible participants	The Board may grant Options or Rights to KMP, including executive directors, and other selected employees of the Company. In general, the Board will invite those KMP and employees who have capacity to impact the long term performance of the Company to participate in the Plan. It is intended that the number of KMP and other selected employees participating in the Plan will not exceed 10.
Vesting conditions	<p>The Board may determine any vesting conditions, which may include performance and/or service conditions that must be satisfied before the Options or Rights vest.</p> <p>The vesting conditions will be measured and tested over a period determined by the Board. It is intended that the vesting period will be a period of 3 years.</p>
Other terms	The Board may determine the terms of the Options or Rights, including any conditions of granting the Options or Rights and any price payable to acquire the Options or Rights (although it is intended that no amount will be payable), any amount payable on the exercise of an Option, and any other restrictions or lapsing conditions.
Entitlements	Options and Rights do not carry any dividend or voting rights and are non-transferable, except in limited circumstances or with the consent of the Board.
Date of grant	If shareholder approval is obtained, Options or Rights may be granted to KMP within 3 years of this AGM.
Vesting Conditions	<p>Options or Rights granted under the LTIP will vest subject to the satisfaction of service and performance hurdles. The conditions will be determined by the Board in its discretion.</p> <p>Subject to the LTIP Rules, the ASX Listing Rules, the Corporations Act and the Company's Constitution, the Board may reduce or waive the vesting conditions, including the performance period, exercise date or share allocation date.</p> <p>Shares in respect to Rights will be allocated once vesting conditions have been satisfied with no further action required by the participant.</p>
Exercise of Options	Options may be exercised, in full or in part, once the vesting conditions have been satisfied by the participant giving notice to the Company and, if relevant, payment of the Exercise Price within the Exercise Period.
Exercise Period	The Board has the discretion to determine the period during which

once vested, an Option may be exercised. The period of time so determined will commence on the day Options vest.

Allocation of Shares At the Board's discretion the Company may allocate Shares by one or more of the following means:

- (a) issuing Shares to the participant; or
- (b) procuring the transfer of Shares:
 - (i) purchased on-market; or
 - (ii) acquired through an off-market transaction (including from any employee share trust established by the Company for the purposes of the LTIP).

Notwithstanding the above, the Board may determine to pay the cash equivalent in full and final satisfaction of a participant's right to Shares.

Lapse of Option or Rights If the Board determines that the vesting conditions have not been satisfied and that therefore the Options or Rights should lapse, they will lapse from this date or such later date as the Board determines.

Any Options that have not been exercised by the last date of the Exercise Period will lapse on that date.

Subject to the terms specified in the offer document, and unless the Board determines otherwise:

- (a) all unvested securities held by a participant will lapse if the participant ceases to be employed due to termination for cause, inadequate performance, or the employee resigns; or
- (b) if a participant otherwise ceases to be employed for any reason or in any circumstances, then the pro-rata proportion of unvested plan securities representing the remainder of the plan period will lapse with all unexpired securities remaining subject to the LTIP Rules and the offer document.

On the lapse of an Option or Right, all rights of a participant in respect of the security under the LTIP will cease and no compensation is payable.

Rights associated with Options and Rights

Options and Rights granted under the LTIP:

- (a) are personal and, except in limited circumstances, may not be disposed of, or encumbered.
- (b) do not carry dividend or voting rights prior to exercise or allow the participation in the issue of any new capital;

(c) will not be quoted the ASX.

Capital Reconstructions, etc There are specific provisions in the LTIP that are intended to ensure there is no material advantage or disadvantage caused to participants as a result of such corporate actions.

Corporate Control Events In the circumstance of a change of control (before or after), including a person acquiring more than 50% of the Shares or voting power, the Board may waive any vesting conditions in respect of all or a specified proportion of any unvested Options or Rights and that the balance of Rights or Options will lapse or otherwise remain on foot.

The Board (with the exception of Ms McBain) recommends that shareholders vote in favour of this resolution.

ITEM 6 GRANT OF OPTIONS TO MANAGING DIRECTOR

Under ASX Listing Rule 10.14, shareholder approval is required in order for a director to be issued securities under an employee incentive scheme. Accordingly, in addition to the information at Note 5 above, the following information is provided under Listing Rule 10.15A.

Approval is sought for the Board to grant Ms Laura McBain up to 2,550,000 options to acquire ordinary fully paid shares in the Company (with no more than 850,000 options to be granted in any one year), as follows:

Tranche	Proposed Date of Grant	Number of Options	Vesting Date	Exercise Period
1	Immediately following the AGM, but in any event on or before 31 October 2014	Up to 850,000	1 November 2017	2 years
2	30 September 2015	Up to 850,000	30 September 2018	2 years
3	30 September 2016	Up to 850,000	30 September 2019	2 years

The number of options for Tranche 1 has been calculated with consideration to the Black-Scholes valuation methodology and equates in value with 80% of Ms McBain's fixed remuneration.

Vesting Conditions **Service Condition**

Ms McBain must be employed on the Vesting Date.

Performance Hurdles

Performance hurdles will consist of earnings per share on an absolute or compound basis (EPS) and share price growth on a compound basis (SPG).

For the purpose of calculating the SPG, the Board has resolved that the opening share price for Tranche 1 will be \$1.30, and otherwise the opening and closing share prices for each Tranche will be determined by calculating the volume weighted average share price over a 10 day period, comprised of the 5 day period before the announcement date of the relevant Company's annual financial results and the 5 day period commencing on that announcement date.

Tranche 1

Percentage of grant	Performance Measure	Performance Period	Target
$16\frac{2}{3}\%$	EPS	1/07/2014 - 30/06/2015	4.74* cents/share
$33\frac{1}{3}\%$	EPS	1/07/2015 - 30/06/2017	7% - 12%**
50%	SPG	1/07/2014 - 30/06/2017	8% - 12%

*The target for FY2015 is based on the forecast statutory NPAT of \$4.5 million as set out in the Prospectus.

**In the circumstance that the FY2015 target of 4.74 cents per share is not reached in relation to Tranche 1, then for the following financial years (in relation to targets for both Tranche 1 and Tranche 2), the minimum target return of 7% will be calculated using 4.74 cents per share as the basis.

Tranche 2

Percentage of grant	Performance Measure	Performance Period	Target
50%	EPS	1/07/2015 - 30/06/2018	7% - 12%**
50%	SPG	1/07/2015 - 30/06/2018	8% - 12%

Tranche 3

Percentage of grant	Performance Measure	Performance Period	Target
50%	EPS	1/07/2016 - 30/06/2019	7% - 12%
50%	SPG	1/07/2016 - 30/06/2019	8% - 12%

EPS	Options that will vest (%)
Less than 7%	Nil
7%	20%
Between 7% and 12%	Pro rata between 20% and 100%
Equal to or greater than 12%	100%

SPG	Options that will vest (%)
Less than 8%	Nil
8%	20%
Between 8% and 12%	Pro rata between 20% and 100%
Equal to or greater than 12%	100%

Lapsing All EPS and SPG Options that do not vest will lapse immediately.

Exercise price The Exercise Price for Tranche 1 is \$1.30.

The Exercise price for Tranches 2 and 3 will be determined by calculating the volume weighted average share price over a 10 day period, comprised of the 5 day period before the announcement date of the relevant Company's annual financial results and the 5 day period commencing on that announcement date. That is, the Exercise Price for Tranches 2 and 3 will be the opening share price used in the calculation of the SPG.

Loan No loan will be given in relation to the Options.

Termination of Employment In the circumstances that Ms McBain ceases to be employed for any reason in any circumstance (other than for serious misconduct), then Ms McBain is entitled to retain all vested but unexercised Options and a pro-rata proportion of any granted but unvested Options, equal to the portion of the performance period that has elapsed and tested against the performance hurdles to that date, will vest immediately.

Change of Control In the event of a takeover bid or other transaction that in the Board's opinion would result in a change of control, the Board has the discretion to determine that some or all of the Options will vest.

If a change of control event occurs before the Board has exercised its discretion, then a pro-rata proportion of unvested Options equal to the portion of the performance period that has elapsed and tested against the performance hurdles to that date, will vest immediately.

Ms McBain received 953,333 under the ESOP as set out in the Company's Prospectus.

Further details of Ms McBain's remuneration package are set out in the Remuneration Report on pages 23 to 25 of the Annual Report.

Details of any securities issued under the LTIP in each year will be published in the Company's respective annual report, including that approval for the issue of the securities was obtained under Listing Rule 10.14.

Ms McBain is the only executive director of the Company, and therefore the only director who is entitled to participate in the LTIP. No other person who requires the approval of shareholders under Listing Rule 10.14 will be allowed to participate until such approval is obtained. If approval is given by shareholders under ASX Listing Rule 10.14, the approval of shareholders for the issue of securities is not required under Listing Rule 7.1.

The Board (with the exception of Ms McBain) recommends that shareholders vote in favour of this resolution.