

HUON AQUACULTURE GROUP LIMITED

2016 ANNUAL GENERAL MEETING



Wednesday 30 November 2016 at 10.30am
The Jones and Co Room, Henry Jones Art Hotel
25 Hunter Street, Hobart

HUON AQUACULTURE GROUP LIMITED
ABN 79 114 456 781



2016 ANNUAL GENERAL MEETING

25 October 2016

Dear Shareholder,

In August this year I was privileged to be appointed to chair the Board of Huon Aquaculture Group Limited (**Huon Aquaculture** or **Company**) following the retirement of our founding Chairman Peter Margin. I have served on the Huon Aquaculture Board since August 2014, prior to the Company float in October 2014.

I am pleased to invite you to the second Annual General Meeting (**AGM**) of Huon Aquaculture, to be held on Wednesday, 30 November 2016 at 10.30am (AEDT).

The AGM will be held at The Jones and Co Room in the Henry Jones Art Hotel, 25 Hunter Street, Hobart, Tasmania. Registration will take place prior to the start of the AGM, commencing from 10am. Light refreshments will be available at the conclusion of the meeting.

Accompanying this Notice of Meeting, which outlines the items of business, is the Proxy Form. We also include Huon Aquaculture's Financial Summary for FY2016.

FY2016 Performance

While harvest tonnage, and consequently sales revenue, rose markedly in FY2016 compared with the prior year, this top line growth masked the decline in profitability that resulted from bringing forward the harvest to mitigate the negative impacts on fish health and growth caused by one of the most severe El Niño events on record.

The increased volumes harvested resulted in 25% of sales being channeled into the lower-priced export market which further adversely affected profitability last year. Export-derived revenue has substantially reduced as a proportion of the Company's sales in the current year.

Controlled Growth Strategy

The Board is confident that the successful completion of the Controlled Growth Strategy (**CGS**) program, on time and on budget, has enhanced Huon Aquaculture's competitive position and placed the Company on a surer footing, both to execute its business strategy and to continually improve its environmental performance.

Outlook

The recent rise in international and domestic salmon prices, together with the completion of the CGS, is expected to underpin the Company's recovery and increase its profitability in the short to medium term.

It is anticipated that volumes from the harvest in the current year will be broadly in line with FY2016. However, the Board is confident that there will be a strong turnaround in profitability in FY2017, with Operating EBITDA expected to return to levels comparable to those recorded in FY2015. The full impact of the CGS investment, in the form of substantially improved operating efficiencies, is expected to deliver further earnings growth in FY2018.

Voting by Proxy

If you are unable to attend the AGM, you are encouraged to vote on resolutions by submitting a proxy. A proxy form has been enclosed in this letter and you are invited to submit it either online or by mail. In order for your Proxy Form to be valid it must be lodged online or received by 10.30am (AEDT) on Monday, 28 November 2016.

Corporate shareholders wishing to appoint a representative to attend on their behalf will need to complete a 'Certificate of Appointment of Representative'. This can be obtained from the Share Registry (whose contact details are contained in the Notice of Meeting).

All shareholders can submit questions to be addressed at the AGM, whether or not you are able to attend the AGM. Shareholders can submit questions in advance of the AGM by including them with the lodgment of the Proxy Form or online at www.linkmarketservices.com.au. We ask that all questions be submitted by close of business on Wednesday, 23 November 2016.

An electronic version of the Annual Report for the year ended 30 June 2016 is available on the Company's website (www.huonaqua.com.au).

My fellow Directors and I hope to see you at the second AGM of Huon Aquaculture. We look forward to your participation.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Neil Kearney", with a long horizontal stroke extending to the right.

Neil Kearney, Chairman

FINANCIAL SUMMARY

Statutory Earnings

- Significant uplift in both harvest tonnage and sales revenue due to the accelerated harvest strategy.
- Reduction of EBITDA to \$24.95m due to two one-off events
 - poor growing conditions due to an extreme El Niño and feed performance issues
 - increased sales into the export market at a time of depressed prices.
- Exports in FY2016 accounted for 25% of revenue, a level which is not expected to be continued.
- Operating cash flow down 6% due to a combination of lower average prices, higher farm costs due to lower growth and increased freight charges.
- Decrease in Fair Value Adjustment of Biological Assets by \$1.50m as a consequence of reduced stock levels but a market valuation that reflects the improved pricing environment and channel mix.
- Strong balance sheet with comfortable gearing level of 25%.
- Implementation of the Controlled Growth Strategy, completed on time and on budget.

		FY2016	FY2015	FY2014
Tonnage	t	20,463	16,536	15,156
Revenue ⁽¹⁾	\$M	233.74	191.73	188.35
Revenue per HOG kg	\$/kg	11.42	11.59	12.43
EBITDA ⁽²⁾	\$M	24.95	35.19	59.19
EBITDA per HOG kg	\$/kg	1.22	2.13	3.91
EBITDA margin	%	10.7%	18.4%	31.4%
EBIT	\$M	7.31	25.80	51.13
NPAT	\$M	3.43	16.60	33.80
Fair value adjustment	\$M	(1.50)	(5.26)	4.49
Related income tax refund/(expense) ⁽³⁾	\$M	0.45	1.58	(1.35)
Biological assets	\$M	147.22	151.84	122.83
Earnings per share	c	3.92	20.99	55.41
Net debt ⁽⁴⁾	\$M	62.07	32.98	64.47
Total gearing ratio ⁽⁵⁾	%	24.8%	13.3%	58.7%
Return on assets ⁽⁵⁾	%	1.8%	6.4%	19.6%

Tonnage

20,463t

(FY2015: 16,536t)

Sales Revenue

\$233.74m

(FY2015: \$191.73m)

Sales Revenue by Channel:

Wholesale

65%

(FY2015: 75%)

Export

25%

(FY2015: 15%)

Retail

10%

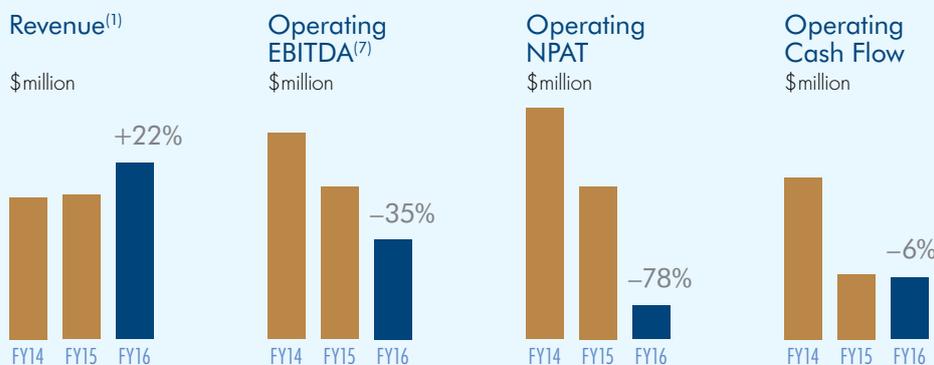
(FY2015: 10%)

Employees

524

(FY2015: 514)

Operating Earnings and Cash Flow



1 Revenue from the sale of goods.

2 Statutory EBITDA is a non-IFRS financial measure which is used to measure business performance, using net depreciation and amortisation recognised in the income statement.

3 Related income tax at current tax rate.

4 Net Debt is total net of cash and cash equivalents.

5 Total Gearing Ratio is measured as debt (net of cash)/net assets.

6 Return on Assets is measured as statutory EBIT/total assets.

7 Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.

KEY FINANCIALS

Operational Performance

Six months ended		30 Jun 2016	31 Dec 2015	30 Jun 2015	31 Dec 2014
Harvest volume HOG †	†	8,174	12,288	8,686	7,850
Revenue from operations	\$M	102.6	131.1	93.1	98.6
Revenue \$/HOG kg	\$/kg	12.56	10.67	10.72	12.56
Cost of production	\$M	(86.0)	(105.3)	(73.1)	(66.9)
Cost of production \$/HOG kg	\$/kg	(10.52)	(8.57)	(8.41)	(8.53)
Freight and distribution	\$M	(5.9)	(10.0)	(6.5)	(4.8)
Freight and distribution \$/HOG kg	\$/kg	(0.73)	(0.82)	(0.74)	(0.61)
Operating EBITDA*	\$M	10.7	15.8	13.6	26.9
Operating EBITDA \$/HOG kg	\$/kg	1.31	1.28	1.56	3.42
Margin	%	10.4%	12.0%	14.6%	27.2%
Fair value adjustment	\$M	6.1	(7.6)	(21.5)	16.2

Operational Performance

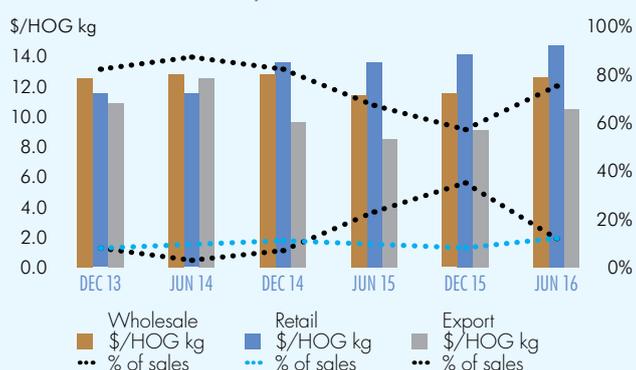


- Revenues were impacted by lower prices in the first half of FY2016 despite increased harvest volumes from the accelerated harvest. Improved pricing in the second half was offset by poor growing conditions and lower tonnages.
- Operating margins were squeezed by falling revenue per kg in the first half and a 23% increase in the cost of production per kg in the second half as the average fish harvest weight fell by 22%.
- The increase in the Fair Value Adjustment in the second half by \$6.1m at 30 June 2016 reflects the improved pricing environment and channel mix.

Sales Channel

Six months ended		30 Jun 2016	31 Dec 2015	30 Jun 2015	31 Dec 2014
Wholesale HOG kg	†	6,127	6,517	5,435	6,371
Retail HOG kg	†	886	701	674	804
Export HOG kg	†	1,162	5,070	2,577	675
Wholesale % of revenue	%	75%	57%	67%	82%
Retail % of revenue	%	13%	8%	10%	11%
Export % of revenue	%	12%	35%	23%	7%
Wholesale \$/HOG kg	\$/kg	12.64	11.49	11.44	12.75
Retail \$/HOG kg	\$/kg	14.67	14.10	13.57	13.57
Export \$/HOG kg	\$/kg	10.51	9.14	8.46	9.55

Distribution Channels by Price and Contribution to Sales



- The majority of Huon salmon are sold into the wholesale market at prices which have averaged between \$11.44 and \$12.75 per kg in recent years.
- Export pricing is weaker than that achieved in the domestic market so revenue was impacted in CY2015 when exports increased due to the accelerated harvest, peaking at 35% of total sales.
- While retail pricing has been steadily improving, Huon sales contribution from this segment remains modest at around 10-12%.

Biological Assets

Six months ended		30 Jun 2016	31 Dec 2015	30 Jun 2015	31 Dec 2014
Biological assets at fair value	\$M	147.2	135.5	151.8	158.6
Fair value adjustment (FVA)	\$M	29.4	23.3	30.9	52.4
Biological assets (excluding FVA)	\$M	117.8	112.2	120.9	106.2
Total weight of live finfish at sea	†	12,075	14,499	15,949	17,441
Biological asset value/HOG kg	\$/kg	12.19	9.34	9.52	9.09
Fair value adjustment/HOG kg	\$/kg	2.43	1.61	1.94	3.00
Biological assets/HOG kg (excluding FVA)	\$/kg	9.76	7.74	7.58	6.09
Number of fish (harvest)	000's	2,047	2,390	2,020	1,717
Sales volume (HOG kg)	†	8,174	12,288	8,686	7,850
Average HOG weight	kg	4.00	5.14	4.30	4.57
Average price/HOG kg (net sales)	\$/kg	12.56	10.67	10.72	12.56
Net sales	\$M	102.6	131.0	93.1	98.6

Fish weight and price

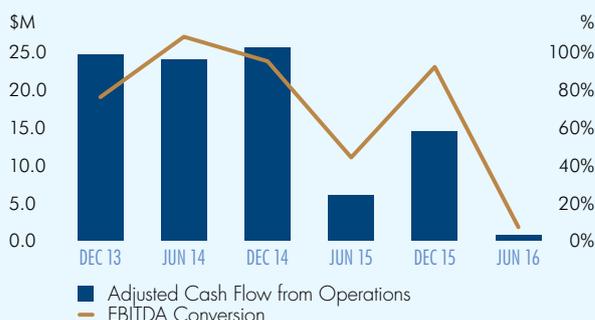


- Average prices in the first 6 months of calendar 2015 were impacted by intense import competition whilst the accelerated harvest in the latter half resulted in over a third of sales being channeled into the lower priced export market.
- Favourable growing conditions in FY2015 delivered an increase in average fish weight (>5kg) which, when combined with the move to bring forward the harvest, boosted sales volumes in the first half of FY2016 by 41%.
- Second half performance in FY2016 however was mixed with a substantial reduction in fish weight due to El Niño mitigated by a strong uplift in domestic and world salmon prices.

Cash Generation

Six months ended		30 Jun 2016	31 Dec 2015	30 Jun 2015	31 Dec 2014
Operating EBITDA*	\$M	10.7	15.8	13.6	26.9
Cash flow from operations	\$M	(0.9)	17.2	2.0	15.3
Add – net interest paid	\$M	1.6	1.6	0.7	1.7
– tax paid/(refunded)	\$M	–	(4.3)	2.6	8.4
Adjusted cash flow from operations	\$M	0.7	14.5	5.3	25.4
EBITDA conversion	%	7%	92%	39%	94%
Capex	\$M	14.3	30.2	46.5	55.3
Cash at end of period	\$M	3.8	10.8	13.8	60.4

Operational Cash Flow



- Operational cash flow during CY2015 was impacted by lower prices for salmon in both the domestic and export markets.
- During the same period Huon spent over \$75 million in capex implementing its Controlled Growth Strategy.
- Cash flows in the second half of FY2016 were affected by poor growth and increased feed and farm related costs.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of the Company will be held at The Jones and Co Room in the Henry Jones Art Hotel, 25 Hunter Street, Hobart, at 10.30am on Wednesday 30 November 2016.

BUSINESS TO BE CONDUCTED

Financial Statements and Reports

To receive and consider the Financial Report of the Company for the year ended 30 June 2016 together with the Directors' Report and Independent Auditor's Report as set out in the Annual Report.

Resolution 1. Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That, the Remuneration Report for the financial year ended 30 June 2016 as set out in the Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2. Approval of the Grant of Performance Rights to Mr Peter Bender

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to the grant of 134,380 Performance Rights to Mr Peter Bender under the Company's Long Term Incentive and Bonus Sacrifice Plan on the terms set out in the Explanatory Notes."

Resolution 3A. Re-election of Director

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

"That, Mr Simon Lester, being a Director of the Company who retires in accordance with Article 47 of the Company's Constitution and being eligible offers himself for re-election, be re-elected as a Director of the Company."

Resolution 3B. Re-election of Director

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

"That, Mr Tony Dynon, being a Director of the Company who retires in accordance with Article 47 of the Company's Constitution and being eligible offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4. Proportional takeover approval provisions

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

"That, for the purposes of sections 648G and 136(2) of the Corporations Act and for all other purposes, approval be given for the proportional takeover provision contained in articles 79 and 80 of the current constitution of the Company to be renewed for a further three years from the date of the 2016 annual general meeting, as set out in the Explanatory Notes."

Resolution 5. Long Term Incentive and Bonus Sacrifice Plan

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

"That, for the purposes of Exception 9 of Listing Rule 7.2, sections 200B and 200E of the Corporations Act 2001(Cth) and for all other purposes, approval be given to the Long Term Incentive and Bonus Sacrifice Plan to be re-adopted for a further three years from the date of the 2016 annual general meeting, as set out in the Explanatory Notes."

These Resolutions should be read in conjunction with the explanatory notes on pages 8 to 16.

Other Business

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

Dated this 25th day of October 2016.

By order of the Board



Thomas Haselgrove
Company Secretary

VOTING AT THE MEETING

Shareholders can vote on the Resolutions by:

- attending the meeting, or
- appointing a proxy, representative or attorney to attend the meeting and vote on their behalf.

Voting Entitlements

The Board has determined that shareholders will be able to attend and vote at the meeting if they are recorded on the register of members of the Company at 7.00pm (AEDT) on Monday, 28 November 2016.

Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy (who need not be a shareholder of the Company and may be an individual or a body corporate) to vote on their behalf by completing the proxy form that accompanies this Notice of Meeting. A shareholder cannot appoint more than two proxies to attend and vote in his or her place.
2. A single proxy exercises all voting rights.
3. If a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's proportion (or number) of voting rights, the rights are deemed to be 50% each. Fractions of votes will be disregarded. If more than one proxy is present at the Meeting, neither will be entitled to vote on a show of hands.
4. A shareholder which is a body corporate and entitled to attend and vote at the meeting, or a proxy which is a body corporate and is appointed by a shareholder entitled to attend and vote at the meeting, may appoint an individual to act as its representative at the meeting by providing that person with a letter or certificate, executed in accordance with the Corporations Act or the body corporate's constitution, authorising the person as the representative; or a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairman of the Meeting, must be produced prior to admission to the Meeting.
5. Huon encourages you to consider directing your proxy how to vote by marking the appropriate box on each of the proposed resolutions on the proxy form.
6. Chairman as proxy
Resolutions 1, 2 and 5 are connected with the remuneration of KMP. For this reason, the Chairman of the meeting can only vote undirected proxies on Resolutions 1, 2 and 5 if the proxy expressly authorises the Chairman to do so (as provided for on the proxy form).

The Chairman of the meeting intends to vote, as your proxy, in favour of each of the proposed resolutions (where permissible). If you do not want the Chairman of the meeting to vote as your proxy in favour of any resolution, you need to direct your proxy to vote against, or abstain from voting on the relevant resolution by marking the appropriate box on the proxy form.

7. Other KMP as proxy

If you appoint a Director (other than the Chairman of the meeting) or another KMP (or a Closely Related Party of any KMP) as your proxy, you should direct them how to vote on Resolutions 1, 2 and 5 by marking the appropriate box. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 1, 2 and 5.

The Proxy Form must be received by 10.30am on Monday 28 November 2016, and be lodged:

Online:

- www.linkmarketservices.com.au

By Fax:

- Australia +61 2 9287 0309
- Overseas +61 2 9287 0309

In Person:

- Share Registry:
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
- or
1A Homebush Bay Drive
Rhodes NSW 2138

By Mail:

- Share Registry:
Link Market Services
Locked Bag A14
Sydney South NSW 1235

Intermediary Online:

- Custodians who are subscribers to intermediary online may appoint their proxy by visiting www.linkmarketservices.com.au

NOTICE OF MEETING – EXPLANATORY NOTES

Financial Statements and Reports

During this Item there will be an opportunity for consideration of the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2016.

Shareholders will be provided the opportunity to ask questions and comment on these reports or about the Company generally.

Shareholders also have the right to question the auditors in connection with such matters as the Auditor's Report or the conduct of the audit. Written questions must be submitted no later than 5 business days before the Annual General Meeting and the answers will be available at and after the meeting. There will be no formal resolution with respect to this Item.

Resolution 1 – Adoption of Remuneration Report

During this Item there will be an opportunity for shareholders to ask questions and comment on the Remuneration Report in the 2016 Annual Report.

The Remuneration Report appears on pages 23 to 32 of Huon's Annual Report 2016 and is available at www.huonaqua.com.au.

The vote on this resolution will be advisory only and will not bind the Directors of Huon. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration policy for Directors and Executives in future.

Under the Corporations Act, if 25% or more of the votes cast on the resolution at the meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the meeting, Huon's 2017 Remuneration Report will include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- if, at the 2017 AGM, at least 25% of the votes cast on the resolution for adoption of the 2017 Remuneration Report are against it, Huon will be required to put to shareholders a resolution proposing that an extraordinary general meeting (**EGM**) be called to consider the election of Directors (spill resolution). If the spill resolution is passed (i.e. more than 50% of the votes cast are in favour of it), all of the Directors (other than the Managing Director), will cease to hold office at the subsequent EGM, unless re-elected at that meeting.

BOARD RECOMMENDATION

The Board considers that the Company's remuneration policies are structured to provide rewards based on its performance and to be competitive with those in the markets in which they operate. On that basis, and with the Directors acknowledging their personal interest in their own remuneration, the Board recommends that shareholders vote in favour of this Resolution.

VOTING EXCLUSION STATEMENT

No votes can be cast on Resolution 1 by or on behalf of any KMP (details of whose remuneration are included in the Remuneration Report) or their Closely Related Parties (collectively referred to as a **Prohibited Voter**) and the Company will disregard any votes cast on this resolution (in any capacity, whether as proxy or as shareholders) by any such persons. However, a Prohibited Voter may vote directed proxies on this Resolution for someone other than a Prohibited Voter.

Further, a member of the KMP (regardless of whether or not their remuneration details are disclosed in the Remuneration Report) and their Closely Related Parties may not vote a proxy on this Resolution unless it is a directed proxy and the vote is not cast on behalf of a Prohibited Voter. However, the Chairman of the meeting can vote undirected proxies, provided the proxy expressly authorises the Chairman to do so.

KMP includes Directors and certain senior Huon executives who have the authority and responsibility for planning, directing and controlling the activities of Huon, both directly and indirectly and whose remuneration details are disclosed in the Remuneration Report. It also includes people who have become a KMP since the Remuneration Report was issued on 30 August 2016.

A Closely Related Party means a spouse, child or dependant of the KMP (or a child or dependant of the KMP's spouse), anyone else in the KMP's family who may be expected to influence (or be influenced by) the KMP in the KMP's dealing with Huon, or any company the KMP controls.

Resolution 2 – Approval of the Grant of Performance Rights to Mr Peter Bender

By the resolution sought under Resolution 2, the Company is seeking the approval of shareholders for a proposed grant of up to 134,380 Performance Rights to the Chief Executive Officer and Managing Director, Mr Peter Bender under the Company's Long Term Incentive and Bonus Sacrifice Plan (**LTI Plan**).

BACKGROUND

Under ASX Listing Rule 10.14, shareholder approval is required for a Director of the Company to be issued securities under an employee incentive scheme. Accordingly, approval is sought for the grant of Performance Rights to Mr Bender.

The LTI Plan is a long term incentive plan established by the Board as part of the remuneration of the Company's executives to ensure Huon has the most effective reward mix in place, particularly in light of the changing legislative environment and economic conditions. The LTI Plan is designed to attract, motivate and retain qualified and experienced KMP by aligning KMP interests with those of shareholders and by providing reward through market competitive variable remuneration. The primary objective of the LTI Plan is to link the reward of selected individuals who have the capacity to influence the long term performance of the Company with the generation of shareholder wealth.

Under the LTI Plan, the Company may grant selected eligible executives and the Managing Director rights to subscribe for or, be transferred, Performance Rights (**Performance Rights**). Each Performance Right provides the entitlement on vesting to acquire one fully paid ordinary share in the Company for nil consideration payable.

The Board has resolved to:

- grant, subject to shareholder approval being obtained, up to (in aggregate) 134,380 Performance Rights in two equal tranches (each of 67,190 Performance Rights) to Mr Bender on the terms of the LTI Plan and the terms and conditions described below; and

- issue, or procure the transfer of Shares, or alternatively pay the cash amount of equivalent value, to Mr Bender on the vesting of those Performance Rights.

Mr Bender is presently the only Director of the Company entitled to participate in the LTI Plan.

PERFORMANCE PERIOD

Under the LTI Plan, the Performance Rights will vest in two equal tranches. The Performance Rights allocated in each tranche will vest on the applicable Vesting Date to the extent that certain performance-based conditions are achieved in the relevant Performance Period. Mr Bender may exercise a Performance Right that has vested until the applicable expiry date. If any Shares are issued to Mr Bender following exercise of a vested Performance Right prior to the applicable expiry date, then they may not be sold or transferred before 1 July 2019. The number of Performance Rights to be issued and the Performance Periods applicable to each of the performance-based Performance Conditions are as follows:

Tranche	Number of Performance Rights	Performance Period
Tranche 1	67,190	1 July 2016 to 30 June 2018
Tranche 2	67,190	1 July 2016 to 30 June 2019

PERFORMANCE CONDITIONS

The Performance Rights will be tested against the following performance conditions (**Performance Conditions**):

- Earnings per share (**EPS**) growth. The relationship between earnings and the number of shares issued is calculated as the net profit after income tax (**NPAT**) divided by the weighted average number of ordinary shares on issue. Compared to an absolute profit measure, EPS takes into account changes in the equity base. For this reason, this metric is preferred to other profit-based metrics.
- Return on Assets (**ROA**). Calculated as Statutory EBIT excluding fair value adjustment on Biological Assets/ Total Assets excluding Cash and fair value adjustment on Biological Assets (Average). ROA is an appropriate measure for asset intensive industries which reinforces the need to invest capital on projects with a superior return.

NUMBER OF SHARES TO BE ALLOCATED

The percentage of Performance Rights that vest, and number of Shares to be allocated or amount of cash to be paid, at the end of each applicable Performance Period will be determined by reference to the following schedule:

Target 1: EPS Growth EPS – 50% of LTI rate

NPAT / Weighted average issued shares

EPS compound annual growth rate ('CAGR')	Vesting outcome
Less than 7.5% CAGR	Nil
7.5% CAGR	50%
Above 7.5% CAGR but below 10% CAGR	Pro-rata from 50-99%
10% CAGR or greater	100%

Target 2: ROA

ROA – 50% of LTI rate

Statutory EBIT excluding fair value adjustment on Biological Assets/Total Assets excluding Cash and fair value adjustment on Biological Assets (Average)

RoA (return for the reporting period)	Vesting outcome
Less than 10% return	Nil
10% return	50%
Above 10% return but below 15% return	Pro-rata from 50-99%
15% return or greater	100%

Any shares issued to Mr Bender upon vesting of Performance Rights granted under Tranche 1 or Tranche 2 may not be sold or transferred by Mr Bender before 30 June 2019.

Under the LTI Plan rules, in the event that a Performance Rights holder ceases to be an Employee prior to the completion of the Performance Period due to a qualifying reason (i.e. other than for dismissal for cause) and such cessation occurs within the first twelve months of the grant of the Performance Rights, then the Performance Rights will be forfeited in the same proportion as the remainder of the year bears to a full year, and all remaining unvested Performance Rights will be retained and tested for possible vesting at the end of the Performance Period.

A summary of the terms of the LTI Plan is set out in Schedule 1 to this Notice of Meeting. A description of the LTI Plan can also be found in the Remuneration Report on pages 26 and 27 of the Company's 2016 Annual Report. A copy of the Plan Rules of the LTI Plan will be made available free of charge if requested by a shareholder from the Company Secretary.

TERMS OF THE PROPOSED PERFORMANCE RIGHTS ISSUE

Timing of issue

If shareholder approval is obtained, the Performance Rights will be granted to Mr Bender shortly after the 2016 Annual General Meeting and within 12 months after the date of the 2016 Annual General Meeting.

Consideration for issue

The Performance Rights issued to Mr Bender will be issued for nil consideration payable, and each Performance Right will provide the entitlement on vesting to acquire one fully paid ordinary share in the Company for nil consideration.

Maximum number of Performance Rights

The maximum number of Performance Rights which may be acquired by Mr Bender under the shareholder approval being sought is 134,380. The number of Performance Rights to which Mr Bender is entitled is calculated by dividing the annual long-term incentive component of Mr Bender's remuneration (\$461,266, being 100% of Mr Bender's total fixed annual remuneration) by Huon's 10 day volume weighted average share price (VWAP) as at 1 July 2016, which was \$3.43.

Details of Performance Rights previously granted under the LTI Plan to Directors or their associates

Mr Bender is presently the only Director of the Company entitled to participate in the LTI Plan. Since the last approval at the Company's 2015 Annual General Meeting, Mr Bender

has been granted 143,502 Performance Rights (of which 47,834 have lapsed).

No other person under Listing Rule 10.14 has received Performance Rights since the date of the last approval of the LTI Plan.

No consideration was payable for the grant of the Performance Rights or for the issue or transfer of shares upon the vesting of Performance Rights granted.

Details of Performance Rights granted to Mr Bender are also set out on page 29 of the Company's 2016 Annual Report.

Other information

A voting prohibition and exclusion statement is set out below.

No loans have been or will be provided by the Company in relation to the issue of Performance Rights to, or the exercise of Performance Rights by, Mr Bender under the LTI Plan.

Details of any Performance Rights issued to a Director or their associates under the LTI Plan are published in the Company's Annual Report relating to the period in which the Performance Rights have been issued. The Annual Report will also contain a statement that shareholder approval for the issue of the Performance Rights was obtained under ASX Listing Rule 10.14.

Any person other than Mr Bender who becomes entitled to participate in the LTI Plan, and who requires approval to participate in the LTI Plan under ASX Listing Rule 10.14, will not be issued Performance Rights until that approval is obtained under ASX Listing Rule 10.14.

BOARD RECOMMENDATION

The non-executive Directors recommend that shareholders vote in favour of Resolution 2.

VOTING EXCLUSION STATEMENT

Pursuant to ASX Listing Rules 10.14 and 14.11.1, the Company will disregard any votes cast on this Resolution by Mr Bender or an associate of Mr Bender.

However, the Company is not required to disregard a vote if:

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

Further, KMP and their Closely Related Parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chairman of the meeting can vote undirected proxies, provided the proxy expressly authorises the Chairman to do so.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3A – Re-election of Director – Mr Simon Lester

In accordance with Article 47 of the Company's Constitution, Mr Simon Lester retires from the Board and seeks re-election as a Director at that meeting. Mr Lester was appointed to the Board in August 2014. Mr Lester is a non-Executive Director of the Company

SIMON LESTER CA, BCom, MAppFinInv

Simon has been an adviser to Huon since 1994, with extensive experience within the salmon industry. He has 30 years' experience in corporate finance and corporate tax, having advised the Tasmanian Government and State owned business enterprises.

His former roles include Partner at Deloitte Touche Tohmatsu and PBS Partners as well as senior management roles at Price Waterhouse and KPMG.

Simon is currently the Chief Risk Officer of The Royal Automobile Club of Tasmania and a Board member of CatholicCare Tasmania.

Simon is a member of the Financial Services Institute of Australasia, Institute of Chartered Accountants in Australia, the Tax Institute and the Australian Risk Policy Institute.

BOARD RECOMMENDATION

The Board, other than Mr Simon Lester, recommends that shareholders vote in favour of Mr Lester's re-election to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3A.

Resolution 3B – Re-election of Director – Mr Tony Dynon

In accordance with Article 47 of the Company's Constitution, Mr Tony Dynon retires from the Board and seeks re-election as a Director at that meeting. Mr Dynon was appointed to the Board in August 2016. Mr Dynon is a non-Executive Director of the Company.

TONY DYNON CPA

Tony has extensive leadership and finance experience gained largely in food, beverage and stockfeed businesses with senior roles in international and ASX-listed companies.

The majority of Tony's career was with international food company H J Heinz, covering a 20 year period, including roles for Heinz Australia as Joint Managing director from 1994 to 1997 and Chief Financial Officer from 1988 to 1994. He was also Managing Director of Farm Pride Foods Ltd and Executive Chairman of Palm Springs Ltd, both ASX listed companies.

More recently Tony has had leadership roles in privately owned stockfeed businesses based in Australia, New Zealand and the UK. Tony was also a non-executive director for Colorpak Ltd from 2004 to 2010.

Tony is a member of CPA Australia.

BOARD RECOMMENDATION

The Board, other than Mr Tony Dynon, recommends that shareholders vote in favour of Mr Dynon's re-election to the Board.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3B.

Resolution 4 – Proportional takeover approval provisions

Resolution 4 seeks shareholder approval for the Company to renew the proportional takeover bid approval provisions (set out in full in Schedule 2 to this Notice of Meeting) (**Approval Provisions**) in the Company's Constitution.

The Company's Constitution currently contains proportional takeover bid approval (in the same form as the Approval Provisions). In accordance with the Corporations Act and the Company's Constitution, the Approval Provisions will cease to apply on 4 August 2017, 3 years after adoption.

The Board considers that it is in the best interests of shareholders of the Company to renew the Approval Provisions in its Constitution.

BACKGROUND

Under the Corporations Act, a company may include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by the shareholders in a general meeting approving the bid.

As noted above, the Board considers that it is in the best interests of shareholders for the Company to have a proportional takeover provision in its Constitution.

PROPORTIONAL TAKEOVER BIDS

A proportional takeover bid is an off-market takeover offer sent to all shareholders but only in respect of a specified portion of each member's Shares in the Company (ie less than 100%).

EFFECT ON PROPOSED PROPORTIONAL TAKEOVER PROVISIONS

If a proportional takeover bid is made, the Board must ensure that a meeting of shareholders is held, no more than 14 days before the last day of the bid period, at which shareholders will consider a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If the resolution is not voted on within the required timeframe, the resolution is taken to have been approved. If the resolution is approved or taken to have been approved, all valid transfers of Shares under the proportional takeover bid must be registered.

If the resolution is not passed, the offer under the takeover bid will be taken to have been withdrawn and no transfer of Shares will be registered as a result of the proportional takeover bid. Acceptances will be returned and any contracts formed by acceptances will be rescinded.

The proposed Approval Provisions will expire 3 years after their adoption unless renewed by a further special resolution.

The Approval Provisions do not apply to full takeover bids.

REASON FOR PROPOSING THE RESOLUTION

A proportional takeover bid may result in effective control of the Company changing hands without shareholders having the opportunity of disposing of all their Shares. Shareholders are exposed to the risk of being left as a minority in the

Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for all Shares.

The proposed Approval Provisions will allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

PRESENTLY PROPOSED ACQUISITIONS

As at the date of preparation of this Explanatory Memorandum, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

POTENTIAL ADVANTAGES AND DISADVANTAGES

The Board considers that the Approval Provisions have no potential advantages or disadvantages for the Directors. They remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted or not.

The potential advantages for shareholders of the Approval Provisions include:

- (i) Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) They may help shareholders to avoid being locked in as a minority;
- (iii) They increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) Knowing the view of the majority of shareholders may help each individual member assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for shareholders of the Approval Provisions include:

- (i) Proportional takeover bids for Shares in the Company may be discouraged;
- (ii) Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- (iii) The likelihood of a proportional takeover succeeding may be reduced.

The Approval Provisions have been in effect since August 2014 and there have been no takeover bids for the Company. The Board is not aware of any potential takeover bid that was discouraged by the Approval Provisions.

The Board do not believe that the potential disadvantages outweigh the potential advantages of renewing the Approval Provisions for 3 years.

BOARD RECOMMENDATION

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

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Resolution 5 – Long Term Incentive and Bonus Sacrifice Plan

Resolution 5 seeks shareholder approval for the Company to renew the LTI Plan for a further three years from the date of the 2016 annual general meeting, a summary of which is set out in Schedule 1 to this Notice of Meeting.

Approval is also sought under sections 200B and 200E of the Corporations Act for the Company to give potential benefits under the LTI Plan in connection with any future retirement of a participant who holds a 'managerial or executive office' such that, for the purposes of these provisions, those benefits will not be included in the statutory limit.

BACKGROUND

Under Listing Rule 7.1, the prior approval of the shareholders of the Company is required to issue securities, which, when aggregated with securities issued by the Company during the previous 12 months, exceed 15% of the number of securities the Company has on issue at the commencement of that 12 month period.

Exception 9 of Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to an issue of shares under an employee incentive scheme if, within three years before the date of issue:

- where the employee incentive scheme was established prior to the entity becoming a listed entity, a summary of the terms of the employee incentive scheme were set out in the prospectus; or
- holders of the ordinary shares in the Company have approved the issue of securities under the employee incentive scheme.

Resolution 5 seeks shareholder approval for the adoption of the LTI Plan in accordance with Exception 9(b) of Listing Rule 7.2 for a further 3 years. If Resolution 5 is passed, the Company will be able to issue securities under the LTI Plan without impacting the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period. These approvals continue for three years, at which time it must be renewed or it will expire.

In the case of an invitation to a Director to acquire securities under either the LTI Plan, the acquisition of these securities will require shareholder approval in accordance with Listing Rule 10.14.

APPROVAL OF THE LTI PLAN

The LTI Plan was adopted in October 2014, the terms of which were summarised in the prospectus issued by the Company, dated 6 October 2014. Huon's LTI Plan applies to KMP and is designed to align remuneration with long term shareholder value and assist in the motivation, retention and reward of KMP. The Remuneration and Nominations Committee reviews all LTI plan offers made to KMP.

The Board intends to continue to make regular grants of Performance Rights (including the Shares issued on vesting of such Performance Rights) under the LTI Plan, including the proposed grant of Performance Rights to the Chief Executive Officer and Managing Director as contemplated by Resolution 2.

For the purposes of Exception 9(b) of Listing Rule 7.2 and all other purposes, shareholder approval is sought for the re-adoption of the LTI Plan.

The Board considers that the adoption of the LTI Plan and the future issue of Performance Rights under the LTI Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the LTI Plan was set out in the prospectus issued by the Company, which was dated 6 October 2014. Therefore, shareholder approval will be required in order for the Company to be able to rely on Listing Rule 7.2 Exception 9 in relation to issues of Performance Rights under the LTI Plan after 6 October 2017.

A summary of the key terms of the LTI Plan is set out in Schedule 1 to this Notice of Meeting. A copy of the LTI Plan Rules will be made available free of charge by the Company if requested by a shareholder.

SECURITIES ISSUED UNDER LTI PLAN

An aggregate of 553,654 Performance Rights have been granted under the LTI Plan since it was last approved by shareholders in October 2014. Of that aggregate number, 143,502 Performance Rights required shareholder approval (which was obtained at the relevant AGMs) and the balance of 410,152 did not require shareholder approval. The total number of Performance Rights currently on issue but not yet vested is 217,234.

LTI PLAN AND RETIREMENT BENEFITS

The Corporations Act restricts the benefit which may be given to individuals who hold a managerial or executive office on cessation of their employment with the Company. Under section 200B of the Corporations Act, a Company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the Company or a related body corporate if it is approved by shareholders or an exemption applies.

Advance shareholder approval is being sought, for the purposes of sections 200B and 200E of the Corporations Act, to provide benefits which may otherwise be prohibited under section 200B, so as to obtain certainty about its ability to maintain its existing remuneration arrangements and satisfy contractual and legal obligations.

Shareholders are not being asked to approve any increase in the remuneration or benefits payable to relevant personnel, nor any variations to the existing discretions of the Board.

The approval is sought in relation to certain incentive awards which may be delivered through the Company's LTI Plan. If shareholder approval is obtained, it will give the maximum flexibility to vest the unvested Performance Rights under the LTI Plan granted to KMP who cease employment.

The approval is limited to where Board discretion is exercised or vesting entitlements are granted to participants under the LTI Plan rules or benefits are otherwise provided other than as a result of death or incapacity. Approval is sought in relation to both current and future personnel who hold or have held during the 3 years prior to cessation of employment a managerial or executive office in the Company or a related body corporate.

Non-executive Directors are not entitled to participate in the Company's LTI Plan arrangements and so this approval will not apply to them.

The amount and value of the termination benefits for which the Company is seeking approval is the maximum potential benefit that could be provided under the LTI Plan, in order to provide the Board with the discretion to determine the most appropriate termination package for any outgoing KMP. There is no obligation to exercise this discretion. Exercise of the discretion will depend on factors such as the participant's performance, contribution and tenure. The amount and value of the termination benefits that may be provided under the LTI Plan cannot be ascertained in advance. This is because various matters, events and circumstances will or are likely to affect the calculation of the amount and value, including:

- the circumstances of the participant's cessation of employment (for example, whether cessation of employment arises due to resignation, retirement or redundancy);
- the percentage of the participant's gross salary that is capable of being received as a long-term incentive award;
- the number of Performance Rights or shares held by the participant prior to cessation of employment;
- the time period served during the performance period by the participant up to the date of cessation of employment;
- the terms contained within the invitation to participant (such as the applicable performance conditions);
- whether any Performance Rights vest (and if so, how many);
- any other factors that the Company (or its delegate) determines to be relevant when exercising its discretion under the LTI Plan.

The exercise of these discretions under the LTI Plan will constitute a 'benefit' for the purposes of the termination benefits provisions under the Corporations Act.

Accordingly, approval is being sought to provide the flexibility to exercise the discretion to award Performance Rights on the cessation of employment under the LTI Plan, such that, for the purposes of these provisions, those benefits will not be included in the statutory limit.

It is possible that the LTI Plan may be amended from time to time in line with market practice and changing governance standards and, where relevant, the Company will disclose these changes in the Company's Remuneration Report. However, it is intended that the approval will remain valid for Performance Rights awards, provided that, at the time that the discretion is exercised, the LTI Plan rules contain a discretion to pay Performance Rights awards, or entitle the Performance Rights to be retained, on the terms of the LTI Plan rules (other than in circumstances due to resignation or dismissal for misconduct or poor performance).

BOARD RECOMMENDATION

The non-executive Directors recommend that shareholders vote in favour of Resolution 5.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Item by:

- a Director who may participate in the LTI Plan of the Company (Mr Bender); and
- an associate of that person.

However, the Company is not required to disregard a vote if:

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

Further, KMP and their Closely Related Parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chairman of the meeting can vote undirected proxies, provided the proxy expressly authorises the Chairman to do so.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

SCHEDULE 1

Summary of the terms of the Huon Aquaculture Group Long Term Incentive and Bonus Sacrifice Plan (LTI Plan)

A summary of the key terms and conditions of the LTI Plan is set out below. A copy of the LTI Plan Rules will be made available free of charge by the Company if requested by a shareholder. All requests should be addressed to the Company Secretary.

Performance rights

Under the LTI Plan, the Board of the Company may invite eligible employees to participate in a grant of Performance Rights, where a Performance Right means any right of a LTI Plan participant to acquire one fully paid ordinary share in the Company (**Shares**) (or a cash amount of equivalent value) in accordance with the LTI Plan Rules and subject to certain performance criteria. The Board may determine that an invitation to participate may involve a bonus sacrifice, where an employee elects to contractually forgo part of a future pre-tax cash bonus, subject to the terms and conditions of the invitation.

The number of Rights that are granted to a holder represents the maximum number of Shares that the holder may acquire under the LTI Plan on exercise of the Performance Rights. The actual number of Shares that could be acquired by the holder on exercise of the Performance Rights depends on satisfaction of certain performance criteria (explained below). On this basis, the number of Shares allocated to the holder on exercise of Performance Rights under the LTI Plan may be lower, but cannot be higher, than the number of Performance Rights held.

Entitlement to participate

The Board may in its absolute discretion make an offer of Performance Rights to an eligible employee selected by the Board, on the terms and conditions determined by the Board. An eligible employee means, in relation to such an offer, an employee of the Huon Group (including a director employed in an executive capacity) who is invited by the Board to participate in the LTI Plan.

Vesting of Rights and allocation of Shares

The Performance Period for a grant of Performance Rights is the period of time during which the Performance Conditions, each as specified in the offer letter, must be satisfied.

The holder will be notified of the result of the testing of the Performance Conditions shortly after the end of the Performance Period once performance outcomes are confirmed.

Once the Company has determined the number of Shares that it is required to allocate, it will make that allocation as soon as reasonably practicable.

Cessation of employment

If a holder ceases to be an employee of the Company or one of its controlled entities (**Huon Group**) due to resignation or dismissal for misconduct or poor performance, then unless the Board determines otherwise (prior to or within 60 days of the cessation of employment) any unvested Performance Rights lapse with effect from the date of cessation of employment.

If a holder ceases to be an employee of the Huon Group for any reason other than those set out in the paragraph above, then unless the Board determines otherwise (prior to or within 60 days of cessation of employment) then, any unvested relevant performance rights do not vest or lapse as a result of cessation of employment and the LTI Plan Rules and all conditions of the offer continue to apply, except that:

- any continuous service provision requirement of the offer is deemed to be waived; and
- any Performance Rights which do not vest based on testing of the relevant Performance Condition at the next testing date following cessation of your employment will lapse (i.e. there will be no further retesting).

In the event that the Board determines (prior to or within 60 days of cessation of employment) that some or all of the unvested Performance Rights will vest or lapse with effect from the date of cessation of employment, the holder will be notified in writing.

Lapse of Rights

A Performance Right will only vest where the relevant Performance Conditions and any other relevant conditions advised to the holder have been satisfied. Any unvested Performance Rights which fail to meet the Performance Conditions within the specified period will automatically lapse.

Any unvested Performance Rights will also lapse if:

- the holder has dealt with a performance right other than as permitted by the LTI Plan Rules; or
- the holder has (in the reasonable opinion of the Board) acted fraudulently, dishonestly or in material breach of his or her obligations to the Company.

Limitations on the number of Shares that may be issued

Under the LTI Plan, the Board must not make an offer of Performance Rights if the total number of Shares that are the subject of Performance Rights (and any other entitlements to Shares, whether under this LTI Plan or other employee incentive schemes) at the time of the offer exceeds (or would exceed) 5% of the Company's total number of Shares on issue at that time.

Restrictions on dealing with Performance Rights and Shares

(a) Rights

A Performance Right is only transferable upon death, bankruptcy, or with the prior consent of the Board.

The Performance Rights are subject to Huon's Securities Trading Policy and if a holder purports to deal with their Performance Rights other than in the limited circumstances permitted by the LTI Plan Rules, the Performance Rights will immediately lapse.

(b) Shares

The Board may, in its discretion, impose a restriction on dealing with Shares allocated on vesting of a Performance Right, subject to provision of notice of such restrictions to the holder.

SCHEDULE 2

Consequences of a change of control event

In the event of:

- a takeover bid being made, a takeover bid being recommended by the Board or a takeover bid becoming unconditional; or
- a scheme of arrangement, reconstruction or winding up of the Company being put to members;

the Performance Rights may vest at the Board's discretion in accordance with the LTI Plan Rules.

In determining whether to exercise its discretion, the Board will have regard to all relevant circumstances, including the level of satisfaction of the performance Conditions over the period from the grant date to the date of the relevant event.

If a company obtains control of the Company as a result of a takeover bid or another corporate action, the Company, the company acquiring control and the holder, may agree together that on the vesting of Performance Rights, the holder will receive shares in the company acquiring control in lieu of shares in the Company, on substantially the same terms as before.

Adjustments

If the Company makes any new issue of securities, or other alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital, or reconstruction of capital, the number of Performance Rights, or the number of Shares to which each participant is entitled upon vesting of Performance Rights, or any amount payable on vesting of the Performance Rights, will be adjusted in a manner determined by the Board, having regard to the ASX Listing Rules and the terms of the LTI Plan Rules.

Amendments

The Board has power to amend at any time all or any of the provisions of the LTI Plan and the terms and conditions of Performance Rights granted under the LTI Plan. However, the Board cannot do so if the amendment would prejudicially affect the existing rights of a participant, with the exception that (even in those circumstances) the Board may make an amendment if it is primarily for the purpose of complying with present or future law, to correct any manifest error or mistake, or to take into consideration possible adverse tax implications in respect of the LTI Plan.

In addition, the Board has power (subject to the ASX Listing Rules) to waive in whole or in part any of the performance criteria or other terms or conditions applicable to a participant's Rights if the Board determines that the original Performance Condition is no longer appropriate or applicable, so long as the interests of the relevant participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

Termination

The Board can terminate or suspend the operation of the LTI Plan at any time, however, the termination or suspension will not prejudicially affect the existing rights of existing participants.

Takeover approval provisions

79. Refusal to register transfers

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract resulting from acceptance of an offer made under a proportional takeover bid in respect of a class of Shares unless and until a resolution to approve the takeover bid is passed in accordance with Article 80.
- (b) This Article 79 and Article 80 cease to have effect on the day which is 3 years after the later of their adoption or last renewal in accordance with the Corporations Act.

80. Approval procedure

- (a) Where offers are made under a proportional takeover bid, the Board must, subject to the Corporations Act, call and arrange to hold a meeting of persons entitled to vote on a resolution to approve the proportional takeover bid.
- (b) Subject to this Constitution, each person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid:
 - (i) is entitled to vote on the resolution referred to in Article 80(a); and
 - (ii) has one vote for each Share in the bid class securities that the person holds.
- (c) The provisions of this Constitution concerning meetings of shareholders apply to a meeting held pursuant to Article 80(a) with any modifications that Board resolves are required in the circumstances.
- (d) A resolution referred to in Article 80(a) that has been voted on is passed if more than 50% of votes cast on the resolution are in favour of the resolution, and otherwise is taken to have been rejected.
- (e) If a resolution referred to in Article 80(a) has not been voted on as at the end of the day before the fourteenth day before the last day of the bid period under the proportional takeover bid, or a later day allowed by the Australian Securities and Investments Commission, then that resolution is taken to have been passed.

GLOSSARY

Annual Report means the annual report of the Company for the year ended 30 June 2016.

ASX Listing Rules means the Listing Rules of ASX Limited.

Board means the board of Directors of the Company.

Chair means the individual elected to chair any meeting of the Company from time to time.

Closely Related Party of a member of the KMP means:

- a spouse or child of the member; or
- a child of the member's spouse; or
- a dependant of the member or of the member's spouse; or
- 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 Company; or
- a company that the member controls; or
- a person prescribed by the Corporations Regulations.

Company means Huon Aquaculture Group Limited ABN 79 114 456 781.

Constitution means the Company's constitution, as amended from time to time.

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

Corporations Regulations means the *Corporations Regulations 2001 (Cth)*.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Huon Group means the Company and its controlled entities.

KMP or **Key Management Personnel** has the same meaning as in the accounting standards and includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.

Listing Rules means the ASX Listing Rules.

LTI Plan means the Long Term Incentive and Bonus Sacrifice Plan operated by the Company.

Notice of Meeting means this Notice of Annual General Meeting.

Performance Condition means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right vests under the terms of the LTI Plan.

Performance Right means a performance right granted to an eligible employee under the terms of the LTI Plan from time to time.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Annual Report for the year ended 30 June 2016.

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



www.huonaqua.com.au

Huon Aquaculture Group Limited



Huron Aquaculture Group Limited
 ABN 79 114 456 781

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

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

BY FAX
 +61 2 9287 0309

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

ALL ENQUIRIES TO
 Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Huon Aquaculture Group Limited (**Company**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am on Wednesday, 30 November 2016 at The Jones and Co Room in the Henry Jones Art Hotel, 25 Hunter Street, Hobart (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 2 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 2 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution (including Resolutions 1, 2 and 5).

If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Proportional takeover approval provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of the Grant of Performance Rights to Mr Peter Bender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Long Term Incentive and Bonus Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3A Re-election of Director – Mr Simon Lester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3B Re-election of Director – Mr Tony Dynon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

STEP 3

HUO PRX1601C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Monday, 28 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

Huon Aquaculture Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

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

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

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