

Notice of Annual General Meeting 2007

**Friday, 2 November 2007
"Buckingham Room"
Stamford Plaza Melbourne
111 Little Collins Street
Melbourne
Victoria
Commencing at 9.00am (Melbourne time)**

**NOTE:
REGISTRATIONS
COMMENCE AT
8.30AM**

THIS IS AN IMPORTANT DOCUMENT. PLEASE READ IT CAREFULLY.
IF YOU ARE UNABLE TO ATTEND THE ANNUAL GENERAL MEETING, PLEASE COMPLETE THE APPOINTMENT OF PROXY
FORM ENCLOSED AND RETURN IT IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ON THAT FORM.

Notice is hereby given that the fourth Annual General Meeting of shareholders of Tassal Group Limited ("Tassal" or "the Company") will be held at "Buckingham Room", Stamford Plaza Melbourne, 111 Little Collins Street, Melbourne, Victoria on Friday, 2 November 2007 commencing at 9.00am (Melbourne time) for the purposes of transacting the following business.

Items of Business:

1. Financial Statements and Reports

To receive and consider the Annual Financial Report, the Directors' Report and the Independent Audit Report of Tassal and its controlled entities for the financial year ended 30 June 2007. As separately advised to shareholders on 9 August 2007, Tassal's 2007 Annual Report is now available online at http://www.tassal.com.au/_in_Annual_reports.aspx.

2. Remuneration Report

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

"That the Remuneration Report for the financial year ended 30 June 2007, (as set out in the Directors' Report) is adopted."

Please note that the vote on this resolution is advisory only, and does not bind the Directors of the Company or the Company. The Board, however, will take the outcome of the vote into consideration when reviewing the remuneration practices or policies of the Company.

3. Election and Re-election of Directors

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

- a. "That Mr David Groves, being a Director of the Company, who retires in accordance with Clause 25.4 of the Company's Constitution and being eligible, is elected a Director."
- b. "That Mr Allan McCallum, being a Director of the Company who retires in accordance with Clause 24.1 of the Company's Constitution and being eligible, is re-elected a Director."

4. Increase in the Maximum Aggregate Annual Remuneration of Non-Executive Directors

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

"That, for the purposes of ASX Listing Rule 10.17 and in accordance with Clause 22.7 of the existing constitution of the Company (**Constitution**), the maximum aggregate annual remuneration that may be payable by the Company to the Company's Non-Executive Directors as remuneration for the services of those Non-Executive Directors be increased by \$200,000 per annum from \$400,000 per annum to \$600,000 per annum."

Items of Business:

5. Long-term Incentive Plan – Grant of 66,771 Performance Rights to Mr Mark Ryan Pursuant to the 2007 Performance Rights Package

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

“That, in connection with the “Tassal Group Limited Long-term Incentive Plan” (**Incentive Plan**) and for the purposes of ASX Listing Rule 10.14, approval be given to the grant to Mr Mark Ryan, the Managing Director of the Company, of up to a maximum of 66,771 performance rights in accordance with the terms and conditions of the Incentive Plan (each performance right being a right to be allocated one fully paid ordinary share in the capital of the Company subject to the terms and conditions of the Incentive Plan), as more particularly specified in the Explanatory Notes accompanying the Notice of Annual General Meeting in which this resolution is set out.”

6. Adoption of New Constitution

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

“That, with effect from the close of the 2007 Annual General Meeting of the Company (**2007 AGM**), the Company repeals the existing Constitution and adopts a new Constitution in the form tabled at the 2007 AGM and signed by the Chairman for identification.”

[Note: This resolution is a special resolution and in order to be successful must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.]

By order of the Board



Nick Burrows
Company Secretary
26 September 2007

Explanatory Notes for Shareholders

Additional information concerning the items of business is contained in the Explanatory Notes to the Notice of Annual General Meeting, which accompanies and forms part of the Notice of Annual General Meeting. The Notice of Annual General Meeting should be read in conjunction with the Explanatory Notes.

Eligibility to Vote

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a "snap-shot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Company's Directors have determined that all shares of the Company that are quoted on ASX at 7.00pm (Melbourne time) on Wednesday, 31 October 2007 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

This means that any person registered as the holder of an ordinary share in the capital of the Company at 7.00pm (Melbourne time) on Wednesday, 31 October 2007, is entitled to attend and vote at the Annual General Meeting in respect of that share. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Annual General Meeting.

Appointing a Proxy

1. If you are entitled to attend and vote at the Annual General Meeting, you have a right to appoint a person to attend and vote for you at the Annual General Meeting as your proxy. To appoint a proxy please complete the enclosed Appointment of Proxy Form. A proxy need not be a shareholder of the Company and may be an individual or a body corporate. A body corporate-appointed proxy may appoint a representative to exercise the powers that the body corporate may exercise as the member's proxy.
2. A shareholder entitled to cast two or more votes is entitled to appoint up to two persons to attend the meeting and vote and may specify the proportion or number of votes each proxy is appointed to exercise. If you wish to appoint two proxies, an additional Appointment of Proxy Form may be obtained by telephoning the Company's share registry on 1300 850 505 or you may copy the Appointment of Proxy Form that accompanies this Notice of Annual General Meeting.

To appoint a second proxy you must:

- (a) Indicate that you wish to appoint a second proxy by marking the relevant box on the Appointment of Proxy Form.
- (b) On each of the first Appointment of Proxy Form and the second Appointment of Proxy Form state the percentage of your voting rights or number of securities 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.
- (c) Return both forms together in the **same** envelope.

Lodging your Proxy Form

Any duly executed Appointment of Proxy Form and the power of attorney (if the proxy form is signed by the appointor's attorney) or other authority under which it is signed or a copy of that power or authority certified as a true copy by statutory declaration **must be received at an address given below no later than 9.00am (Melbourne time) on Wednesday, 31 October 2007. Any Appointment of Proxy Form received after that time will not be valid for the scheduled meeting.**

The Appointment of Proxy Form accompanying this Notice of Annual General Meeting may be lodged using the reply paid envelope or:

<u>IN PERSON</u>	Registered Office – 2 Salamanca Square, Hobart, Tasmania, Australia 7000 Share Registry – Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia 3067
<u>BY MAIL</u>	Registered Office – 2 Salamanca Square, Hobart, Tasmania, Australia 7000 Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, Australia, 3001
<u>BY FAX</u>	Registered Office - 61 3 6244 9002 Share Registry - 61 3 9473 2555

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

Attending the Meeting

If you attend the meeting, please bring your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Computershare Investor Services Pty Limited will need to verify your identity. You will be able to register from 8.30am (Melbourne time) on the day of the meeting.

Explanatory Notes for Shareholders

Corporate Shareholders

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this meeting only or for all meetings of Tassal.

Voting Exclusion Statements

Resolution 4

In accordance with the ASX Listing Rules, any vote cast in respect of Resolution 4 by any Director, or any associate of a Director, will be disregarded. However, the Company will not 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 direction on the proxy form; or
- (b) it is cast by the person chairing 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.

Resolution 5

In accordance with the ASX Listing Rules, any vote cast in respect of Resolution 5 by Mr Mark Ryan, or any of his associates, will be disregarded. However, the Company will not 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 direction on the proxy form; or
- (b) it is cast by the person chairing 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.

These Explanatory Notes have been prepared to assist shareholders to understand the business to be put to shareholders at the Annual General Meeting.

1. Consideration of Financial Statements and Other Reports

In accordance with Section 317 of the Corporations Act 2001, the Financial Report, Directors' Report and Auditor's Report for Tassal for the financial year ended 30 June 2007 will be laid before the Meeting. There is no requirement for shareholders to approve these reports. However, following consideration of the Reports, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about these reports and the management of Tassal.

Further, written questions to the Chairman about the management of Tassal, or to Tassal's auditors relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Auditor's Report;
- the accounting policies adopted by Tassal in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit

may be submitted to the Company using the attached form no later than the 5th business day before the Annual General Meeting - that is on or by 5.00pm Friday, 26 October 2007. Questions are to be submitted to:

The Company Secretary
Tassal Group Limited
GPO Box 1645
Hobart Tasmania 7001
Facsimile: (03) 6244 9002
Email: tassal@tassal.com.au

A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

2. Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2007 is set out in Section 20 of the Directors' Report of Tassal's 2007 Annual Report.

The Remuneration Report:

- Explains the Board's policy for determining the nature and amount of remuneration of Non-Executive Directors and senior Executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and the named senior Executives of the Company; and
- Details and explains any performance conditions applicable to the remuneration of senior Executives of the Company.

The Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the Remuneration Report at the meeting. In addition, Section 250R(2) of the Corporations Act 2001 requires that a resolution to adopt the Remuneration Report, be put to the vote. However the vote on this resolution is only advisory and does not bind the Company or its Directors. Nevertheless, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices or policies of the Company.

While there is no legal requirement to abstain from voting, Tassal believes it appropriate that none of the Directors, the named Executives or their associates should vote on this advisory resolution.

Board Recommendation:

The Directors recommend that shareholders vote in favour of this advisory resolution.

3. Election and Re-election of Directors

Resolutions 3(a) and 3(b) refer to the election and re-election of Directors.

Clause 25.4.2 of the Company's existing Constitution requires that any Director appointed by the Directors as an addition to the existing Directors, shall hold office until the next Annual General Meeting and shall then be eligible for election. Mr David Groves, who was appointed by the Directors as a Director of the Company on 27 February 2007 (i.e. since the last Annual General Meeting), is accordingly seeking election by shareholders as a Director of the Company.

Under Tassal's existing Constitution, a Director must not hold office without re-election past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election. Accordingly, Mr Allan McCallum retires at the end of the meeting and offers himself for re-election.

A brief description of each candidate follows.

Mr David Groves (B.Com, M.Com, CA, FAICD)

Mr Groves has considerable public company experience, particularly in financial and capital structuring and is currently also a Director of Equity Trustees Limited, Graincorp Limited and an Executive Officer of a number of private companies involved in agriculture, viticulture and investment. Mr Groves also serves on the Corporate Committee of the Intensive Care Foundation of Australia and New Zealand and was a Director of Mason Stewart Publishing, Non-Executive Director of Camelot Resources NL and an Executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia.

Mr Groves is currently a member of the Audit and Risk Committee.

Mr Allan McCallum (Dip.Ag Science, MAICD)

Mr McCallum is a Non-Executive Director of Incitec Pivot Limited, a Non-Executive Director of Medical Developments International Limited and Chairman of Nugrain Pty Ltd.

Mr McCallum is a former Chairman of Vicgrain Limited and Deputy Chairman of Graincorp Limited, and has over 30 years experience in the primary industry sector with representation on industry bodies at state, national and international levels.

Mr McCallum is currently Chairman of the Board of Directors of the Company and Chairman of the Remuneration and Nominations Committee.

Board Recommendation:

The non-candidate Directors unanimously support the election of Mr David Groves and the re-election of Mr Allan McCallum and recommend shareholders vote in favour of these ordinary resolutions.

The Chairman intends to vote undirected proxies in favour of these Resolutions.

4. Increase in the Maximum Aggregate Annual Remuneration of Non-Executive Directors

At present, the aggregate sum of the fees payable to the Non-Executive Directors of the Company is a maximum of \$400,000. This amount was stated in the Prospectus of the Company dated 9 October 2003 and has been in place since that time. It is now proposed to increase the maximum aggregate annual sum of the fees payable by the Company to Non-Executive Directors by \$200,000 per annum, from \$400,000 per annum to \$600,000 per annum.

The proposed increase in the maximum aggregate annual remuneration of the Non-Executive Directors of the Company is made by the Directors in consideration of the following:

- The maximum aggregate annual remuneration of Non-Executive Directors' has not previously been adjusted to reflect market changes that have occurred since 2003. Further, it has not been adjusted to take into account the considerable increase in either the amount of time which the Non-Executive Directors need to commit to their duties or the level of responsibilities of the Non-Executive Directors as a result of the expanded scope of corporate governance rules and regulations imposed in recent years under the Corporations Act and the ASX Listing Rules.
- The Company's operations have expanded considerably since 2003, both organically and as a result of the merger with Aquatas Pty Ltd in 2005. This has further increased the amount of time which the Non-Executive Directors are each required to commit to the Company.

- The current maximum aggregate annual sum of \$400,000 excludes any superannuation contributions made in respect of the Non-Executive Directors as part of their remuneration. In line with what the Directors consider to have become best practice, all future superannuation contributions made in respect of the Non-Executive Directors will be included in the increased maximum aggregate annual remuneration of Non-Executive Directors if Resolution 4 is passed.
- An increase in the maximum aggregate annual remuneration of the Non-Executive Directors will provide the Company with the ability to continue to attract and retain individuals of the highest quality for Board positions.
- Increasing the maximum aggregate annual remuneration of the Non-Executive Directors does not mean that the whole of the new maximum aggregate will be used immediately. However, it will provide the Company with the ability over time to increase the remuneration of Non-Executive Directors' fees in line with market conditions and added responsibilities.

Shareholders are required to approve the increase in the aggregate annual sum of the fees payable by the Company to the Non-Executive Directors pursuant to ASX Listing Rule 10.17 and Clause 22.7 of the existing Constitution.

Board Recommendation

Given the interests of the Non-Executive Directors in this Resolution, the Board as a whole makes no recommendation on this Resolution.

5. Long-term Incentive Plan – Grant of 66,771 Performance Rights to Mr Mark Ryan Pursuant to the 2007 Performance Rights Package

Under the Incentive Plan, the Company may offer Performance Rights to Executives, including Mr Mark Ryan, the Managing Director of the Company. The Company has invited Mr Mark Ryan to participate in the Incentive Plan by offering the 2007 Performance Rights Package to Mr Mark Ryan. The offer of the 2007 Performance Rights Package to Mr Mark Ryan is subject to shareholder approval at this Annual General Meeting.

As a listed public company may only issue equity securities to a related party (which includes a Director) if the approval of shareholders is obtained, shareholders are required to approve the offer of the 2007 Performance Rights Package and the grant of the Performance Rights to Mr Mark Ryan pursuant to ASX Listing Rule 10.14.

A summary of the terms and conditions of the Incentive Plan is set out within this section of these Explanatory Notes relating to Resolution 5.

In accordance with the requirements of ASX Listing Rule 10.15A, the information set out below is provided in relation to the offer of the 2007 Performance Rights Package and the proposed grant of Performance Rights to Mr Mark Ryan under the 2007 Performance Rights Package.

Maximum Number of Performance Rights

The maximum number of Performance Rights which may be granted to Mr Mark Ryan under the 2007 Performance Rights Package is 66,771. The number of Performance Rights which may be granted to Mr Mark Ryan under the 2007 Performance Rights Package has been determined by dividing the annual long-term incentive component of Mr Mark Ryan's remuneration (ie. 50% of Mr Mark Ryan's total fixed remuneration of \$441,000, being \$220,500) by the average volume weighted closing price of Shares over the 5 trading days prior to the Start Date of 1 July 2007 (ie. \$3.302335). There is no monetary consideration payable by Mr Mark Ryan in respect of the proposed grant of Performance Rights to Mr Mark Ryan under the 2007 Performance Rights Package.

Mr Mark Ryan – The only person referred to in ASX Listing Rule 10.14

Mr Mark Ryan is the only person referred to in ASX Listing Rule 10.14 who is entitled to participate in the Incentive Plan. All other Eligible Employees under the Incentive Plan are not Directors of the Company, or associates of Directors of the Company.

Details of Performance Rights granted to be published in each Annual Report

Details of any Performance Rights granted under the Incentive Plan will be published in each annual report of the Company relating to the relevant period in which the Performance Rights have been granted, and that approval for the grant of the Performance Rights was obtained under ASX Listing Rule 10.14.

Additional persons referred to in ASX Listing Rule 10.14 becoming entitled to participate in the Incentive Plan

Any additional persons referred to in ASX Listing Rule 10.14 who become entitled to participate in the Incentive Plan after Resolution 5 is approved and who were not named in the Notice of Annual General Meeting will not participate in the Incentive Plan until approval is obtained under ASX Listing Rule 10.14.

The date by which the Company will grant the Performance Rights

The date by which the Company will grant Performance Rights to Mr Mark Ryan pursuant to the 2007 Performance Rights Package must be no later than 3 years after the date of the Annual General Meeting at which Resolution 5 is passed. The Company will comply with this requirement.

Vesting

In respect of the grant of Performance Rights pursuant to the 2007 Performance Rights Package, 1 Share will be allocated for each Performance Right granted for which the Performance Condition(s) are satisfied within the Performance Period.

Performance Condition(s)

The Board has resolved that, in respect of the 2007 Performance Rights Package, the vesting of Performance Rights granted pursuant to the 2007 Performance Rights Package will be determined by a single Performance Condition relating to the Company's earnings per share (**EPS**).

EPS Performance Condition

The EPS Performance Condition is dependent upon the average compound annual growth rate in the Company's EPS (expressed as a percentage) over the 3 year period commencing on the Start Date. Accordingly, in respect of the 2007 Performance Rights Package, EPS growth will be measured over the financial years ending 30 June 2008, 30 June 2009 and 30 June 2010, compared with the EPS result for the Company for the financial year ended 30 June 2007.

No Performance Rights granted pursuant to the 2007 Performance Rights Package will vest unless the average compound annual EPS growth rate of the Company over the Performance Period is at least 30%.

50% of the Performance Rights granted pursuant to the 2007 Performance Rights Package will vest if the average compound annual EPS growth rate of the Company over the Performance Period is 30%.

100% of the Performance Rights granted pursuant to the 2007 Performance Rights Package will vest if the average compound annual EPS growth rate of the Company over the Performance Period is greater than or equal to 35%.

The proportion of the Performance Rights granted pursuant to the 2007 Performance Rights Package that vest will increase on a straight-line basis for an average compound annual EPS growth rate of between 30% and 35% so that the number of Performance Rights that vest increases by an additional 10% for each additional 1% increase in the Company's average compound annual EPS growth rate.

The vesting scale for the Performance Rights granted pursuant to the 2007 Performance Rights Package is summarised in the following table:

Average compound annual growth in the Company's EPS over the Performance Period	Percentage of Performance Rights granted pursuant to the 2007 Performance Rights Package that vest
Less than 30%	No Performance Rights vest
30%	50%
31%	60%
32%	70%
33%	80%
34%	90%
35%	100%

As an example, if Mr Mark Ryan is granted 66,771 Performance Rights under the 2007 Performance Rights Package and the average compound annual growth in the Company's EPS over the Performance Period is 31% at the end of the Performance Period, 60% of Mr Mark Ryan's Performance Rights will vest. In this example that equates to 40,063 Shares, with the remaining 26,708 Performance Rights granted pursuant to the 2007 Performance Rights Package lapsing.

Board Recommendation:

The Directors, other than Mr Mark Ryan, unanimously support the grant of Performance Rights to Mr Mark Ryan pursuant to the Incentive Plan, and recommend shareholders vote in favour of this ordinary resolution. The Chairman intends to vote undirected proxies in favour of this Resolution.

Summary of the terms and conditions of the Incentive Plan

A summary of the terms and conditions of the Incentive Plan is set out below.

Eligibility

The Board may in its absolute discretion make an Offer to an Eligible Employee on the terms and conditions determined by the Board.

Performance Condition(s)

The Board may in its absolute discretion in relation to an Offer to be made to an Eligible Employee prescribe the Performance Condition(s) that must be satisfied as a condition for a Participant to be allocated a Share in respect of a Performance Right and the Performance Period over which the Performance Condition(s) must be satisfied.

Offer to participate in the Incentive Plan

An Offer to an Eligible Employee must be in writing and must specify:

- the date of the Offer;
- the maximum number of Performance Rights which the Eligible Employee may apply for;
- the amount (if any) payable for some or all of the Performance Rights and the Shares allocated in respect of the Performance Rights. Unless the Board determines otherwise, Performance Rights will be granted and Shares will be allocated for no cash consideration;
- the Performance Condition(s) (if any) applicable to some or all of the Performance Rights;
- the Performance Period (if any) applicable to some or all of the Performance Rights;
- any other terms and conditions relating to the Offer which in the opinion of the Board are fair and reasonable but not inconsistent with the Plan Rules;
- the minimum holding periods (if any) in relation to any or all of the Shares to be allocated; and
- the time and date by which the relevant application form must be received by the Company.

Application by Eligible Employee

In order to apply for Performance Rights and become a Participant under the Incentive Plan, an Eligible Employee must complete and sign the application form accompanying the Offer and return it to the Company by the time and date specified in the Offer.

By completing and signing the application form, an Eligible Employee agrees to participate in the Incentive Plan and to be bound by the Plan Rules and, if Shares are allocated to the Participant under the Plan Rules, the Company's Constitution.

Allocation

If the Performance Condition(s) applicable to Performance Rights held by a Participant are satisfied in whole or in part over the Performance Period applicable to those Performance Rights, the Company must allocate to the Participant the number of Shares to which the Participant is entitled under the terms of the Offer, by issuing that number of new Shares or procuring that the Plan Administrator acquires that number of existing Shares.

It is the Company's present intention that any Shares allocated to a Participant will be new Shares issued to the Participant.

New Shares allocated to a Participant are issued to the Participant and registered in the name of that Participant but will be subject to a Holding Lock to ensure that the Shares are held in the Incentive Plan subject to the Plan Rules. The Participant will be the beneficial owner of the Shares.

Shares which are allocated will remain in the Incentive Plan until they are released following the submission by a Participant of a Notice of Withdrawal which is approved by the Company, the occurrence of certain Capital Events, cessation of employment with the Company or the 10th anniversary of the Start Date in respect of the relevant Performance Rights.

Consideration

A Participant is not liable to make any payment on the allocation of Shares.

Lapse of Performance Rights

If the Performance Condition(s) applicable to Performance Rights held by a Participant are not satisfied over the Performance Period applicable to those Performance Rights, those Performance Rights will lapse and the Participant will be treated as having never held any right or interest in those Performance Rights.

Change of Control

Subject to the absolute discretion of the Board to determine otherwise, if a Capital Event (eg. change of control in the Company) or other similar event occurs before the end of a Performance Period, a Participant

will be allocated Shares for the Performance Rights they hold in relation to that Performance Period on a pro-rata basis according to the proportion of the Performance Period completed as at the date of the Capital Event, subject to satisfaction of the relevant Performance Condition(s).

Cessation of Employment

Where a Participant ceases to be employed by the Company prior to the completion of a Performance Period for a reason other than a Qualifying Reason, any Performance Rights held by the Participant to which that Performance Period applies will lapse and the Participant will be treated as having never held any right or interest in those Performance Rights.

Where a Participant ceases to be employed by the Company for a Qualifying Reason prior to the completion of a Performance Period but within the first twelve months of a Performance Period, any Performance Rights held by the Participant to which that Performance Period applies will lapse and the Participant will be treated as having never held any right or interest in those Performance Rights.

Subject to the absolute discretion of the Board to determine otherwise, where a Participant ceases to be an employee of the Company for a Qualifying Reason prior to the completion of a Performance Period but after the first 12 months of a Performance Period, that Participant will be allocated Shares for the Performance Rights they hold in relation to that Performance Period on a pro-rata basis according to the proportion of the Performance Period completed as at the cessation date, subject to satisfaction of the relevant Performance Condition(s).

Maximum Number of Shares

Shares must not be issued pursuant to the Incentive Plan if the number of Shares to be issued when aggregated with:

- the number of Shares that would be issued if each outstanding Offer to employees or Directors of the Company were accepted; and
- the number of Shares issued during the previous 5 years to employees or Directors of the Company pursuant to the Incentive Plan or any other employee share or option scheme, would exceed 5% of the total number of issued Shares as at the time of the Offer.

Disposal Restrictions

A Participant must not sell, transfer, mortgage, charge or otherwise dispose of, deal with or encumber any Performance Right or any Share held by them under the Incentive Plan unless the Participant to whom the Share has been allocated has submitted a Notice of Withdrawal and such notice has been approved by the Company. A breach by the Participant of this obligation will cause the Performance Rights granted to the Participant to lapse immediately.

A Notice of Withdrawal may be submitted following the earlier of the time the Participant receives written consent from the Board to a request made by the Participant to the Board for the sale or transfer of Shares under the Incentive Plan (which consent will not be unreasonably withheld) and a Capital Event.

Further, a Participant must not enter into any contract, scheme or arrangement to manage the risk of a price change or the timing, likelihood or manner of vesting in or with respect to any Performance Right or Share held by them under the Incentive Plan unless this has been approved by the Company. A breach by the Participant of this obligation will cause the Performance Rights granted to the Participant to lapse immediately.

Reorganisation of Capital

In the event of any reconstruction of the issued share capital of the Company, the number of Performance Rights held by each Participant will be adjusted in accordance with the ASX Listing Rules.

Ranking of Shares

Shares allocated pursuant to the Incentive Plan rank equally with all other existing Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.

Quotation of Shares

The Company must apply to the ASX within the period applicable under the ASX Listing Rules for all Shares issued by the Company pursuant to the Incentive Plan to be quoted on the ASX.

Forfeiture of Performance Rights and Shares

All Performance Rights will lapse and all Shares held by a Participant in the Incentive Plan will be forfeited if:

- the Participant is dismissed for cause;
- in the Board's reasonable opinion, the Participant acts fraudulently or dishonestly, is in serious breach of duty to the Company or commits any act of harassment or discrimination; or
- in the Board's reasonable opinion, the Participant has brought the Company into disrepute.

Administration of the Incentive Plan

The Board will administer the Incentive Plan and may delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Incentive Plan.

Except as otherwise expressly provided in the Plan Rules, the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions under the Plan Rules and to act or refrain from acting under the Plan Rules or in connection with the Incentive Plan.

Amendments to the Incentive Plan

The Board may at any time amend all or any of the provisions of the Incentive Plan and the terms and conditions of an Offer, subject to the proviso that no amendment may be made without the consent of 75% of all Participants if the amendment would prejudicially affect the rights of the Participants.

However, and notwithstanding the above proviso, the Board may unilaterally make an amendment to the Incentive Plan primarily for the purpose of complying with present or future law, to correct any manifest error or mistake, to take into consideration possible adverse tax implications in respect of the Incentive Plan or to enable the Company to comply with the ASX Listing Rules or instruments of relief issued by the Australian Securities and Investments Commission from time to time relating to employee share schemes.

Termination

The Company may, at any time by written instrument or by resolution of the Board, terminate the Incentive Plan in whole or in part in respect of some or all of the Eligible Employees without any liability whatsoever on the Company, subject to the proviso that the Company may not so terminate the Incentive Plan if to do so would prejudicially affect the existing rights of Participants and Shares held on behalf of Participants under the Plan Rules.

Glossary of Terms – Long-term Incentive Plan

Unless the context otherwise requires, the following terms have these meanings:

2007 Performance Rights Package means the Performance Rights offered by the Company to Mr Mark Ryan in respect of the year 2007.

Board means the Board of Directors of the Company.

Capital Event means any of the following:

- (a) if a person acquires a relevant interest (within the meaning of section 608 of the *Corporations Act 2001*) in more than 50% of the Shares in the Company as a result of a takeover bid;
- (b) if a person acquires a relevant interest (within the meaning of section 608 of the *Corporations Act 2001*) in more than 50% of the Shares in the Company through a scheme of arrangement; or
- (c) any other similar event (including, but not limited to, a merger of the Company with another company) which the Board determines, in its absolute discretion, to be a Capital Event.

Company means Tassal Group Limited ACN 106 067 270.

Eligible Employee means, in relation to an Offer, an Employee who is invited by the Board to participate in the Incentive Plan.

Employee means a full time or part time employee of the Company (including any Director of the Company holding salaried employment).

EPS means earnings per share.

EPS Performance Condition means the Performance Condition which is calculated by comparing the average compound annual growth rate in the Company's EPS (expressed as a percentage) over the Performance Period with the EPS result for the Company for the 12 months ending on the day immediately preceding the relevant Start Date.

Holding Lock has the meaning given to that term in the ASX Listing Rules.

Incentive Plan means the "Tassal Group Limited Long-term Incentive Plan" established by the Board as amended from time to time.

Notice of Withdrawal means a request for permission to withdraw a specified number of allocated Shares from the Incentive Plan submitted by a Participant to the Company in respect of Shares that have been acquired on behalf of that Participant.

Offer means an invitation to an Eligible Employee to apply for Performance Rights under the terms of the Incentive Plan.

Participant means an Eligible Employee whose application to participate in the Incentive Plan has been accepted by the Board, and to whom Performance Rights have been granted.

Performance Condition(s) means, in relation to a Performance Right, the performance condition(s) prescribed by the Board. In respect of the 2007 Performance Rights Package, the Board has resolved that the vesting of the Performance Rights will be determined by a single Performance Condition relating to the Company's earnings per share.

Performance Period means, in relation to a Performance Right, the period of time prescribed by the Board. In respect of the 2007 Performance Rights Package, the Board has resolved that the Performance Period commences on 1 July 2007 and ends on 30 June 2010.

Performance Right means a right to be allocated a Share under the Incentive Plan.

Plan Administrator means the person selected by the Board to carry out the day to day administration of the Incentive Plan and to perform the functions allocated to that role.

Plan Rules means the rules of the Incentive Plan as amended from time to time.

Qualifying Reason means:

- (a) the retirement, redundancy, death or total and permanent disability of a Participant as determined by the Board in its absolute discretion; or
- (b) any other reason as determined by the Board in its absolute discretion.

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

Start Date means the date of commencement of a Performance Period. In respect of the 2007 Performance Rights Package, the Board has resolved that the Start Date is 1 July 2007.

6. Adoption of New Constitution

It is proposed that the existing Constitution be repealed and replaced with the Constitution tabled at the 2007 AGM and signed by the Chairman for the purposes of identification.

The existing Constitution has not been updated since the Company was registered on 5 September 2003. The proposed new Constitution has been brought up to date and the Directors believe that it is now consistent with best practice in Australia. The proposed new Constitution uses plain English to a greater degree than the existing Constitution so that it will be easier to read and understand, and also takes into account amendments to the *Corporations Act 2001 (Corporations Act)* and the ASX Listing Rules since the registration of the Company.

As the changes introduced affect numerous provisions in the existing Constitution, rather than amending the existing Constitution it is proposed that a new Constitution be adopted.

The ASX has advised the Company that, in relation to the ASX Listing Rules, it has no objections to the proposed new Constitution.

The proposed new Constitution is available for review on the Company's web site (www.tassal.com.au) and during normal office hours at the Company's registered office. A copy of the proposed new Constitution will be sent to a shareholder upon request, at the Company's expense.

Many of the proposed modifications are administrative or relatively minor in nature and the Directors believe they will not have a significant impact on shareholders. The proposed modifications of a material nature are summarised below for the information of shareholders.

Direct voting

Proposed new Clause 18.9 will allow the Company to enable shareholders, in respect of future meetings, to vote directly on resolutions considered at a general meeting by mailing, faxing or emailing their votes to the Company prior to the meeting. This means that shareholders' votes may still be counted even where they cannot attend personally and do not appoint a proxy. Shareholders may continue to appoint proxies if they wish, even if the Company introduces direct voting at future meetings.

Sale of small holdings

In line with current common practice and as permitted under the ASX Listing Rules, proposed new Clause 27 will provide the Company with the flexibility to introduce a facility whereby the Company may require the sale of small holdings (or unmarketable parcels) of shares in the Company. This requirement may be applied to a shareholder holding less than a "marketable parcel" of the Company's shares (ie. shares having a value of \$500 or less), which may be sold for the benefit of that shareholder.

The Company has no present intention to introduce such a facility but seeks the flexibility to be able to do so in the future if small holdings reach a level where the servicing costs become significant.

Exempt Managing Director

Clause 25.4.2 of the existing Constitution requires that **any** Director appointed by the Directors as an addition to the existing Directors (including a Director appointed by the Directors as the Company's Managing Director) will hold office until the next Annual General Meeting and will then be eligible for re-election.

It is proposed that Clause 25.4.2 of the Constitution be amended to provide that the re-election requirement under that Clause does not apply to the Company's Managing Director. Accordingly, the proposed new Clause 25.4.2 is consistent with ASX Listing Rule 14.4.

Non-Executive Directors' remuneration – method of payment

Proposed new Clause 22.6 simplifies the provisions dealing with Non-Executive Directors' remuneration by providing flexibility to allow such remuneration to be "*paid or provided...at the time and in the manner determined by the Directors*" rather than needing to be "*paid out of the funds of the Company*". It is the Directors' view that such changes are in line with contemporary corporate practice.

The proposed changes dealing with Non-Executive Directors' remuneration do not alter the requirement under the existing Constitution and ASX Listing Rule 10.17 that any increase in the aggregate annual amount of fees payable to Non-Executive Directors as remuneration must be approved by shareholders.

Electronic notices of meeting

Proposed new Clause 36.1.5 will enable the Company to provide notices of meeting to shareholders in the same way that recent amendments to the Corporations Act have allowed companies to distribute annual reports – that is, by making a copy of the notice of meeting readily accessible on a web site, directly notifying shareholders in writing that the copy is accessible on the web site and specifying the direct address on the web site where the notice may be accessed.

This proposed new Clause will assist the Company in reducing the costs involved in sending notices to shareholders.

Unclaimed dividends

It is proposed that Clause 33.7 be amended to enable the Company to invest unclaimed dividends (ie. dividends that have not been claimed for 1 year after having been declared) on behalf of the relevant shareholder in shares in the Company or otherwise as the Directors determine in their discretion, as well as for the benefit of the Company.

Under the existing Clause 33.7, the Directors may only invest or make use of unclaimed dividends for the benefit of the Company.

Method of payment of dividends

The proposed new Clause 33.8 provides the Company with added flexibility in respect of the method of payment of dividends. It is the Directors' view that such changes are in line with contemporary corporate practice.

Alternate Directors

The Directors propose that the new Constitution exclude any specific reference to Alternate Directors. Accordingly, the Directors propose that the Company adopt the provisions of section 201K of the Corporations Act in respect of Alternate Directors as a "replaceable rule".

The provisions of section 201K of the Corporations Act are not materially different from the provisions of Clause 27 of the existing Constitution, save and except that Clause 27 of the existing Constitution does not require the other Directors to approve a Director's appointment of an Alternate Director. The Directors believe that the appointment by a Director of an Alternate Director ought to be the subject of the approval of the other Directors.

Election of Directors – nominations

It is proposed that nominations for the election of Directors must be received a minimum of 45 business days before the date of the general meeting. The existing Clause 22.4.1 of the Constitution requires a minimum notice period of 35 business days. The Directors consider this amendment to be beneficial to the Company because it will reduce the uncertainty and delay in the production of notices of meeting as there will be sufficient time for the Company to prepare and distribute a notice of meeting even if a nomination is received just prior to the new deadline.

Recommendation

The Directors recommend shareholders vote in favour of this Resolution.

The Chairman intends to vote undirected proxies in favour of this Resolution.

