




Cardno Limited

ABN 70 108 12 303

2008 Annual General Meeting

Meeting Documentation

To be held on Thursday, 23 October 2008
at the Brisbane Polo Club
Naldham House, 1 Eagle Street, Brisbane
Commencing at 10.00am (Brisbane time)



NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of **CARDNO LIMITED** ('Cardno' or 'Company') will be held on Thursday, 23 October 2008 at the Brisbane Polo Club, Naldham House, 1 Eagle Street, Brisbane commencing at 10.00am (Brisbane time).

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor for the financial year ended 30 June 2008.

2. ELECTION OF GRAHAM TAMBLYN

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

'That Graham Tamblyn, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

3. ELECTION OF TREVOR JOHNSON

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

'That Trevor Johnson, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

4. ELECTION OF JEFFREY FORBES

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

'That Jeffrey Forbes, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

5. ELECTION OF ANTHONY BARNES

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

'That Anthony Barnes who was appointed to the Board following the last annual general meeting of the Company, and being eligible, be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution and Listing Rule 14.4.'

A summary of each candidate's experience and qualifications appear in the Financial Report.

6. REMUNERATION REPORT

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the Corporations Act:

'That the section of the report of the Directors dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote does not bind the directors of the Company.

7. RATIFICATION AND APPROVAL OF PREVIOUS ALLOTMENT AND ISSUE OF SECURITIES

Resolution 7A

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 1,058,323 fully paid ordinary shares at \$5.8902 per share on 5 March 2008 in relation to the acquisition of Micro Drainage to those persons set out in the Explanatory Memorandum'.

Resolution 7B

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 170,588 fully paid ordinary shares at \$4.25 per share on 15 August 2008 in relation to the acquisition of The Ecology Lab Pty Limited to those persons set out in the Explanatory Memorandum'.

Resolution 7C

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 456,947 fully paid ordinary shares at \$4.21 per share on 10 September 2008 in relation to the acquisition of Spectrum Survey and Mapping Pty Ltd to those persons set out in the Explanatory Memorandum'.

8. ISSUE OF OPTIONS TO ACQUIRE ORDINARY SHARES ('OPTIONS') TO EXECUTIVE DIRECTORS

Resolution 8A

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, Shareholders approve the granting of 150,000 Options to Andrew Buckley, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

Resolution 8B

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, Shareholders approve the granting of 60,000 Options to Jeffrey Forbes, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

Resolution 8C

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, Shareholders approve the granting of 60,000 Options to Trevor Johnson, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

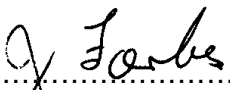
Resolution 8D

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, Shareholders approve the granting of 45,000 Options to Graham Tamblyn, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

DATED 22 September 2008

By Order of the Board


.....
Jeffrey Forbes
Company Secretary

Notes

Shareholders of Cardno

1. Cardno has determined that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Cardno register of shareholders as at 7.00 pm (Brisbane time) on 21 October 2008.

Appointment of Proxy (Section 249L(d))

2. If you are a shareholder, and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Cardno.
3. The proxy form must be completed and together with the power of attorney (if any) under which the proxy form is signed and lodged at Cardno's share registry at Computershare Investor Services, GPO Box 242, Melbourne, Victoria, 3001 or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia) at least 48 hours before the meeting (i.e. lodgement must occur no later than 10.00am (Brisbane time) on 21 October 2008).
4. A shareholder entitled to attend and cast more than 2 votes at the meeting is entitled to appoint no more than 2 proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.
5. A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you have any queries on how to cast your votes then call the Company Secretary on +61 7 3369 9822 during business hours.

Voting exclusion statement

6. Cardno will disregard any vote cast on:
 - (a) Item 7 (Ratification and approval of previous allotment and issue of securities) by:
 - Aidan Patrick Millerick;
 - Marian Ann Millerick;
 - Marcus Lincoln Smith;
 - Vicki Anne Lincoln Smith;
 - Shareholders of Spectrum Survey and Mapping Pty Ltd;
 - an associate of any person who participated in any of the issues described in item 7.
 - (b) Item 8 (Issue of Options to Executive Directors) by:
 - any Director of Cardno who is eligible to participate in the Performance Equity Plan or any associate of that Director.

However, Cardno need 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 directions 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.

EXPLANATORY MEMORANDUM

Resolution 1 - Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the annual general meeting. In addition, the company's constitution provides for such reports and statements to be received and considered at the meeting.

Resolutions 2-5 - Election of Directors

Under clause 16.1 of the constitution of the Company one half of the current Directors (excluding the Managing Director, any Director appointed under rule 13.2 and any Director who has vacated his/her office under clause 15.1) must retire by rotation at each annual general meeting.

In accordance with this rule, Mr Graham Tamblyn, Dr Trevor Johnson and Mr Jeffrey Forbes retire at the end of the meeting. Mr Tamblyn, Dr Johnson and Mr Forbes, being eligible, present themselves for re-election.

Mr Anthony Barnes was appointed to the Board since the last Annual General Meeting under rule 13.2. In accordance with rule 13.2 of the Company's constitution and Listing Rule 14.4, being eligible, Mr Barnes presents himself for re-election.

A summary of each candidate's experience and qualifications appear in the Financial Report.

Resolution 6 - Directors' Remuneration Report

The Corporations Act requires that the section of the report of the Directors dealing with the remuneration of Directors, the Company Secretary and up to 5 Senior Executives ('Remuneration Report') be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Financial Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

Resolution 7A, 7B & 7C - Ratification and approval of previous issue of securities

The purpose of these resolutions is for shareholders to approve/ratify, pursuant to Listing Rule 7.4, those share issues which occurred during the 12 months before the date of this Annual General Meeting which count toward the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of shares detailed in these resolutions did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

These resolutions propose the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
05/03/08	529,162	\$5.8902 per share	Rank equally with all fully paid ordinary shares on issue	Aidan Patrick Millerick	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Micro Drainage Limited.
05/03/08	529,161	\$5.8902 per share	Rank equally with all fully paid ordinary shares on issue	Marian Ann Millerick	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Micro Drainage Limited.
15/08/08	162,059	\$4.25 per share	Rank equally with all fully paid ordinary shares on issue	Marcus Paul Lincoln Smith	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in The Ecology Lab Pty Limited.
15/08/08	8,529	\$4.25 per share	Rank equally with all fully paid ordinary shares on issue	Vicki Anne Lincoln Smith	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in The Ecology Lab Pty Limited.
10/09/08	40,083	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Steven John Glavinas	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	48,100	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Steven John Glavinas atf the S & P Glavinas Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	13,361	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Phyllis Glavinas	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	18,705	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Paul Zadnik	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
10/09/08	61,461	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Paul Zadnik atf the Paul Zadnik Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	34,739	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Geoffrey Robert Paynter	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	56,116	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Paynter Enterprises Pty Ltd atf GR & KT Paynter Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	50,772	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Rosemary Anne Paul atf the Paul Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	18,705	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Russell Ernest Haigh	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	13,361	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Jane Mary Haigh	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	42,755	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Jane Mary Haigh and Russell Ernest Haigh atf the RE & JM Haigh Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	26,722	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Darren James Wilkinson atf the Wilkinson Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.
10/09/08	32,067	\$4.21 per share	Rank equally with all fully paid ordinary shares on issue	Kathryn Therese Paynter	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Spectrum Survey and Mapping Pty Ltd.

Resolution 8A, 8B, 8C, 8D - Issue of Options to Executive Directors

The Company proposes to issue 150,000 Options to Andrew Buckley, 60,000 Options to Jeffrey Forbes, 60,000 Options to Trevor Johnson and 45,000 Options to Graham Tamblyn. The proposed issues are in accordance with the Performance Equity Plan approved by shareholders at the 2007 AGM. The terms of these Options (as set out in the Schedule to this Explanatory Memorandum) are the same as that which will apply to any Options issued under that plan until the next Annual General Meeting of the Company.

The effect that the exercise of the Options will have on the share capital of each of the grantees (assuming all 2006 and 2007 Options have been exercised and that there are no other changes in the share capital of each grantee or that of Cardno prior to the exercise of the Options and that all of the Options are exercised) is set out in the following table:

	Ordinary shares currently held	Options currently held	Total share capital held if all issued options are exercised %	Proposed issue of new options	Total share capital held if all options are exercised %
Andrew Buckley	2,322,952	310,000	3.29%	150,000	3.46%
Jeffrey Forbes	3,377	150,000	0.19%	60,000	0.27%
Trevor Johnson	1,963,704	120,000	2.60%	60,000	2.67%
Graham Tamblyn	1,407,000	75,000	1.85%	45,000	1.90%

An exact valuation of the Options cannot be derived until the exercise price can be ascertained. The terms of the Options provide that the exercise price will be calculated as the average market price per share (weighted by reference to volume) during the 5 trading days ending on the day before the issue of the Options.

In order to assist shareholders in making a decision on this resolution, the table below sets out a range of values for the Options at varying exercise prices. For the 5 trading days from 29 August 2008 until 4 September 2008, the weighted average of the market price per share, was \$5.3945. This exercise price has therefore been used as a basis for the range of exercise prices.

Exercise Price (\$)	Value of Andrew Buckley Options (\$)	Value of Jeffrey Forbes Options (\$)	Value of Trevor Johnson Options (\$)	Value of Graham Tamblyn Options (\$)	Total Value of Options (\$)	Value per Option* (\$)
5.00	67,500	27,000	27,000	20,250	141,750	0.45
5.20	72,000	28,800	28,800	21,600	151,200	0.48
5.40	76,500	30,600	30,600	22,950	160,650	0.51
5.60	79,500	31,800	31,800	23,850	166,950	0.53
5.80	84,000	33,600	33,600	25,200	176,400	0.56
Volatility						25%
Expiry Date						23 October 2012 (estimate)
Risk Free Rate						5.54%

* Excludes a discount for the probability of vesting.

The Options have been valued in accordance with AASB 1046 using the Black Scholes method, adjusted to recognise the non-tradability of the options. The options will only vest if the earnings per share increases by 5% per year compounded over the three year period prior to vesting.

The Board draws Shareholders' attention to the fact that the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in a subsequent financial period may vary due to a range of timing and other factors.

The Board believes this method of valuation to be appropriate in the circumstances and has not used any other valuation or other models in proposing the terms of the Options.

The Board also believes the issue of Options to each of Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn will provide these participants with an appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Listing Rule Requirements

Listing Rule 10.14 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A director is a related party for the purposes of the Listing Rules. Listing Rule 10.14 also restricts the issue of securities under an employee incentive scheme to directors.

Specific information which must be provided to Shareholders in accordance with ASX Listing Rule 10.15 is set out below.

Allottees and number of securities issued: It is proposed that 150,000 Options will be issued to Buckland (Qld) Pty Ltd as trustee for the Buckley Family Trust (an associate of Andrew Buckley), 60,000 Options will be issued to Jeffrey Ian Forbes, 60,000 Options will be issued to Trevor Johnson as trustee for the Johnson Family Trust (an associate of Trevor Johnson) and 45,000 Options will be issued to Tamblyn Investments Pty Ltd (an associate of Graham Tamblyn).

Date by which the securities will be issued: Within 5 days after the Annual General Meeting and in any event no later than 12 months after the meeting.

Issue price and terms of issue: There is no issue price for the Options and the terms of issue of the Options are set out in the Schedule to this Notice of General Meeting.

Use of funds raised: There will be no funds raised solely as a result of the issue of the Options.

Loans: There will be no loans given to the Directors to fund the exercise of these Options.

For the purpose of Listing Rule 10.14 no persons have received securities under the Performance Equity Plan since the last approval.

For the purpose of Listing Rule 10.15.4, the following persons have received securities under the Performance Equity Plan since the last approval (2007 AGM – 25 October 2007):

	Number of Securities Received	Acquisition Price
Andrew Buckley	250,000	NIL
Jeffrey Forbes	120,000	NIL
Trevor Johnson	90,000	NIL
Graham Tamblyn	60,000	NIL
James Verco	40,000	NIL

All securities in the table above were issued following shareholder approval at the 2007 AGM.

For the purpose of Listing Rule 10.15.4A, the following persons are entitled to participate Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn.

Corporations Act requirements - related party transactions

Section 208(1) of the Corporations Act provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party. Each of Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn are related parties of the Company for the purposes of section 228(2) of the Corporations Act as they are Directors. The issue of the Options will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act. None of the exceptions to the prohibition which are set out in sections 210 to 216 of the Corporations Act apply to the issue of the Options.

Specific information must also be provided to Shareholders in accordance with section 219 of the Corporations Act. The majority of this information is set out above in accordance with Listing Rule 10.15 with the balance of the information regarding the Directors' recommendations set out below.

Each of the Directors not eligible to participate in the Performance Equity Plan, being John Massey, Anthony Barnes, Peter Cosgrove and Ian Johnston ('Non-Executive Directors'), wish to recommend that shareholders vote in favour of this resolution to grant the Options to Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn because the issue of the Options will provide appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn do not wish to make a recommendation in respect to this resolution as they are directly interested in its outcome.

If all the Options subject of this resolution are granted and exercised then the Company's fully paid share capital will be diluted by approximately 0.42% (based on the existing number of shares). The amount of the subscription monies that the Company will receive on exercise of the Options cannot be determined as at the date of the Notice of Annual General Meeting.

The Non-Executive Directors consider that the incentive represented by the grant of the Options is a cost effective and efficient incentive when compared to other forms of incentive.

The primary purpose of the Options is to reward performance and provide an incentive to Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn. Given this purpose, the Non-Executive Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options, the subject of this resolution.

SCHEDULE

Summary of terms and conditions of Performance Equity Plan (“PEP”)

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

In these rules:

‘ASX’ means the ASX Limited ACN 008 624 691;

‘Associated Holder’ means the spouse of an Employee, or a company or trust controlled either by the Employee or by their spouse, or by the Employee together with their spouse;

‘Company’ means Cardno Limited ACN 108 112 303;

‘Constitution’ means the constitution of the Company from time to time in force;

‘Directors’ means the board of directors for the time being of the Company or any duly constituted committee thereof;

‘Employee’ means a person who is at any material time an employee or director of any Group Company or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the Plan;

‘Exercise Period’ means the 7 day period ending 36 months after the date the options are issued;

‘Exercise Price’ means the market value of the share on the date of offer of the option. The market value of the share is the weighted average price of the share during the one week period up to and including the date of the offer;

‘Group’ means together the Company and its subsidiaries;

‘Group Company’ means any company, including without limitation the Company, which is at any material time a member of the Group;

‘Law’ means the Corporations Act 2001 (Cth);

‘Listing Rules’ means the official listing rules of the ASX from time to time in force as they apply to the Company;

‘Participant’ means an Employee or an Associated Holder who acquires Shares or Options under the Plan;

‘Plan’ means the Cardno Limited ACN 108 112 303 Performance Equity Plan set out in the Rules;

‘Option’ means a right to acquire Shares;

‘Rule’ means one of the Rules;

‘Rules’ means these rules as amended or replaced from time to time in accordance with Rule 8;

‘Share’ means a fully paid ordinary share in the capital of the Company; and

‘Tax Act’ means the Income Tax Assessment Act 1997 or the Income Tax Assessment Act 1936 (Cth) as appropriate.

2. EXERCISE OF OPTIONS

- 2.1 Subject to clause 2.3, an Option will entitle the holder of that Option to acquire a Share:
- (a) at any time during the Exercise Period but subject to the relevant restrictions in the Company's share trading policy; and
 - (b) at the Exercise Price.
- 2.2 The Options are exercisable wholly or in part by execution and lodgement with the Company of a form of exercise of Options and payment of the Exercise Price during the Exercise Period. The form of exercise must set out the number of Options which the Optionholder wishes to exercise.
- 2.3 If at any time prior to the Exercise Period, the Optionholder ceases to be an employee of the Company or a member company of the Cardno Group the Option will lapse.
- 2.4 Options issued from 2006 are subject to a condition that the Options will only vest if the earnings per share increases by 5% per year compounded over the two year period prior to vesting.
- 2.5 The term of the Options is determined by the Board's Remuneration Committee and is currently two or three years.

3. RIGHTS ATTACHING TO OPTIONS

- 3.1 In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Options or the Exercise Price or both will be adjusted (as appropriate) to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. In all other respects the terms for the exercise of the Options shall remain unchanged.
- 3.2 Until Shares are issued pursuant to the exercise of Options, the holder of an Option shall not participate in dividends on Shares or, subject to clause 3.3, new issues of securities by the Company.
- 3.3 In the event of any pro rata bonus or cash issues of securities by the Company, the number of Shares over which an Option exists and the Exercise Price will be adjusted in the manner specified in Listing Rule 6.22.
- 3.4 Options may not be transferred.

4. ISSUE OF SHARES

- 4.1 The Board will issue Shares after Options have been exercised, in accordance with clause 2, once the relevant Exercise Price has been paid to the Company, at the next succeeding Board meeting and, in any event, within 15 business days after receiving notice of the exercise of the Options.
- 4.2 If the Company's Shares are officially quoted by ASX at the time any Shares are issued pursuant to the exercise of Options, the Company will apply to ASX for official quotation of such Shares issued pursuant to the exercise of Options within the time prescribed by the Listing Rules and, in any event, within 10 business days of the issue of those Shares.
- 4.3 A Share issued pursuant to the exercise of any Options will rank equally in all respects with existing Shares.