

TAG PACIFIC LIMITED

ABN 73 009 485 625

Dividend Reinvestment Plan



This booklet contains important information.
Should you have any doubt about how to deal with it,
please consult a suitably qualified adviser.

Tag Pacific Limited

Dividend Reinvestment Plan

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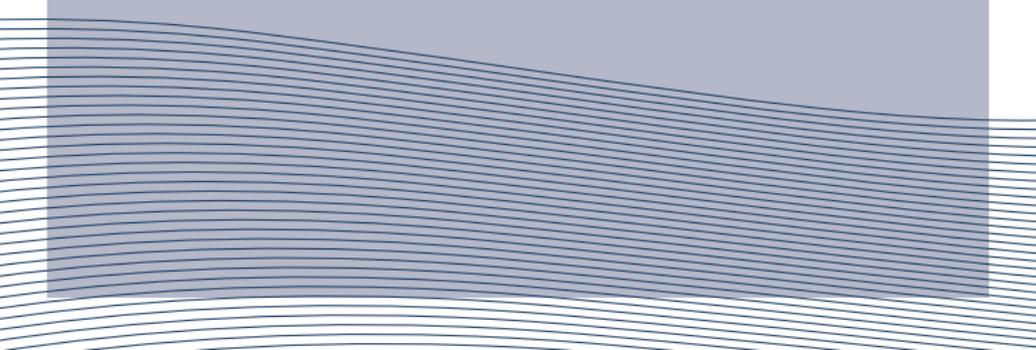
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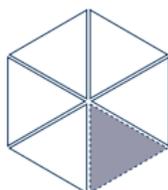
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First issued September 2008



Highlights of the Plan



Dividend Reinvestment Plan (the 'Plan')

You may elect to have dividends paid on some or all of your shares in Tag Pacific Limited ('Tag') automatically reinvested in additional Tag Shares.

Full details of the Plan's operation are contained in the accompanying terms and conditions.

Allocation price

Shares allocated under the Plan will be allocated at a price to be determined by the Directors, being no more than the volume weighted average market price per Tag Share (rounded to four decimal points) traded on ASX during the period of 10 trading days commencing on the second day after the Entitlement Date for the dividend in question (or such longer period as the Directors determine and announce to the ASX).

Fractional entitlements

Where the allotment formula results in a number that is not a whole share, then your entitlement will be rounded up to a whole share.

No additional costs

Shares allocated to you under the Plan are free of brokerage, commission and stamp duty costs.

Shares rank equally

You will be allocated fully paid ordinary shares in Tag under the Plan, which may be existing Tag Shares transferred to you or a new issue of Tag Shares.

Any new Tag Shares issued under the Plan will rank equally with existing Tag Shares from the date of issue.

Participation is entirely optional

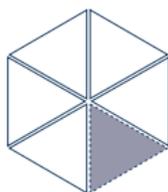
You may join, vary your participation, or withdraw from the Plan at any time. Your completed reinvestment application (or variation) will be effective from the next payment of a dividend provided that the application (or variation) is received by 5.00pm (Sydney time) on the Entitlement Date for that dividend.

Dividend statement

A dividend statement, providing details of your participation in the Plan, will be forwarded at the time of dividend payments.

Tag takes no responsibility for the taxation liabilities of participants in the Plan and specific taxation advice should be obtained from a suitably qualified adviser.

Questions and answers



Who can participate?

Shareholders are eligible to participate in the Plan except those shareholders whose registered address is outside of Australia or New Zealand where participation would be prohibited by overseas securities laws or is otherwise impracticable.

Is participation optional?

Yes. The decision is entirely yours.

Can I participate partially in the Plan?

Yes, by nominating a specific number of your Tag Shares, part of your dividend may be reinvested in additional Tag Shares. Your dividend entitlement on any Shares not participating in the Plan will be paid by cheque or direct credit.

How do I participate in the Plan?

Complete the enclosed Notice of Election form and return it to our share registry at the address shown on the form.

When will my participation begin?

Participation begins with the first dividend payment after receipt of your Notice of Election, which must be received by 5pm on the Entitlement Date for that dividend.

What happens if I have more than one shareholding?

You will need to lodge a separate Notice of Election for each shareholding registered under different names or each shareholding bearing a different Shareholder Reference Number, Holder Identification Number or if your shareholding is registered on the New Zealand branch register, a Common Shareholder Number (CSN).

Can I change my participation at any time?

Yes, simply by lodging a further Notice of Election. The Notice of Election will be effective from the next dividend payment but it must be received by 5pm (Sydney time) on the Entitlement Date for the relevant dividend to be effective for that dividend.

At what price will the shares be allocated?

Shares allocated under the Plan will be allocated at a price to be determined by the Directors, being no more than the volume weighted average market price per Tag Share (rounded to four decimal points) traded on ASX during the period of 10 trading days commencing on the second day after the Entitlement Date for the dividend in question (or such longer period as the Directors determine and announce to the ASX). You should note that this price is set after the Entitlement Date, which is the deadline for you to lodge, withdraw or amend your application. This means you will not know the price when you commit to participate in the Plan.

What will it cost me to participate?

You will not be charged brokerage fees, commission or stamp duty for any allocation of Tag Shares under the Plan.

What happens to fractional entitlements?

Where the allotment formula results in a number that is not a whole share, then your entitlement will be rounded up to a whole share.

Can I sell my shares when I choose?

You can sell any or all your shares at any time. Should you want to sell your participating shares shortly before the Entitlement Date for the determination of your dividend entitlements, you should inform your stockbroker that your shares are participating in the Plan.

What about taxation?

The Australian Taxation Office currently treats dividends reinvested under the Plan in the same way as dividends received on shares which are not participating in the Plan. The New Zealand Inland Revenue Department also currently treats dividends reinvested under the Plan in the same way as dividends received on shares which are not participating in the Plan.

Tag takes no responsibility for the taxation consequences of shareholders participating in the Plan and recommends you obtain professional taxation advice. If eligible to participate, shareholders resident overseas are advised to make enquires about their taxation liabilities in their country of residence.

When will I receive a dividend statement?

After the payment of each dividend, a statement will be forwarded to you showing various details including:

- > the number of Tag Shares participating in the Plan held at the Entitlement Date for the dividend;
- > the dividend rate and amount which would otherwise be payable on those Tag Shares;
- > the number of Tag Shares allocated under this dividend and the Allocation Price; and
- > your new total holding of Tag Shares participating in the Plan.

Can the Plan be modified or cancelled?

Tag's Directors may alter, suspend or terminate the Plan from time to time.

Enquiries

If you have further enquiries (other than taxation) about how the Plan operates and how you can participate, please contact our share registry, Computershare.



Dividend Reinvestment Plan rules



1. Participation

- 1.1 Participation in this Plan is optional.
- 1.2 All Shareholders are eligible to participate in the Plan except those whose nationality, address or place of residence is of or in a country or place other than Australia or New Zealand where, in the opinion of the Directors, the law or any other matter or thing makes the offer to participate in the Plan impracticable, impossible or illegal.
- 1.3 Shareholders who are nationals of or resident in the United States of America, its territories or possessions, are not at present eligible to participate in the Plan.
- 1.4 An Eligible Member may elect to participate in the Plan on a full or partial basis.

2. Full participation

- 2.1 An Eligible Member who elects to participate in the Plan on the basis of full participation must indicate clearly in the Notice of Election that it elects to participate in the Plan on that basis.
- 2.2 Full participation will apply in respect of all Tag Shares registered in the name of the Participant in the Register from time to time.
- 2.3 A Notice of Election which does not specify whether participation is to be full or partial is deemed to be an election for full participation.

3. Partial participation

- 3.1 An Eligible Member who elects to participate in the Plan on the basis of partial participation must indicate clearly in the Notice of Election the specific number of Tag Shares registered in its name in the Register which it nominates for participation in the Plan.
- 3.2 Subject to clause 3.3, partial participation will apply in respect of:
 - (a) the specific number of Tag Shares nominated in the Notice of Election;
 - (b) any other Tag Shares registered in the name of the Participant in the Register which are subsequently accepted for participation pursuant to the provisions of clause 5;
 - (c) all Tag Shares that are Allocated to and registered in the name of the Participant in the Register under the Plan.

3.3 Where at an Entitlement Date, the number of Tag Shares registered in the name of a Participant in the Register is less than the number of Tag Shares which would participate in the Plan under clause 3.2, the provisions of the Plan will apply only to that lesser number of Tag Shares.

4. Notice of Election

4.1 An Eligible Member who wishes to participate in the Plan must complete, sign and lodge with the Company a Notice of Election.

4.2 A Notice of Election lodged with the Company in accordance with clause 4.1 shall be of no effect unless the Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants.

4.3 Approval of a Notice of Election may be withheld in any case at the absolute discretion of the Directors, including without limitation, if the Directors determine that approval of the Notice of Election may prejudice the effective operation of the Plan or would otherwise be contrary to law. If approval is withheld the Directors must inform the Eligible Member of this fact.

4.4 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of Election shall take effect as from the time at which the entry was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend but before payment of that dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.

4.5 A Notice of Election will remain in force (and upon the reinstatement from suspension of the Plan, with the effect set out in clause 18.5), until it is formally varied or the Participant's participation in the Plan is terminated in accordance with these Rules.

5. Variation of participation

- 5.1 A Participant may at any time vary its participation in the Plan by converting a full participation into a partial participation or by converting a partial participation into a full participation or, in the case of a partial participation, by increasing or reducing the number of Plan Shares subject to participation.
- 5.2 A variation of a Participant's participation in the Plan shall be effected by the Participant completing, signing and lodging with the Company a further Notice of Election.
- 5.3 A Notice of Election varying participation in the Plan and lodged with the Company in accordance with clause 5.2 shall be of no effect unless the Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants.
- 5.4 Approval of a Notice of Election may be withheld in any case at the absolute discretion of the Directors, including without limitation, if the Directors determine that approval of the Notice of Election may prejudice the effective operation of the Plan or would otherwise be contrary to law. If approval is withheld the Directors must inform the Participant of this fact.
- 5.5 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of Election shall take effect as from the time at which that entry was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.

6. Termination of participation

- 6.1 A Participant may at any time terminate its participation in the Plan by completing, signing and lodging with the Company a further Notice of Election.
- 6.2 A Notice of Election terminating participation in the Plan shall be of no effect unless or until the notice has been approved by the Directors and an appropriate entry has been made in the Register of Participants.

- 6.3 Where a Notice of Election has been approved by the Directors and an appropriate entry has been made in the Register of Participants, the Notice of Election shall take effect as from the time at which that entry was made provided that if a Notice of Election is received by the Company after an Entitlement Date in respect of a particular dividend but before payment of that dividend, the Notice of Election, if approved by the Directors, shall be deemed to have become effective immediately after the payment of that dividend.
- 6.4 If a Participant other than a joint Participant dies, his or her participation in the Plan will terminate upon receipt by the Company of a death certificate.
- 6.5 In the case of joint Participants, where one Participant dies, the participation of the other joint Participant(s) in the Plan shall continue until varied or terminated by them in accordance with the Rules.
- 7. Reduction or termination on disposal of shares**
- 7.1 If a Participant disposes of all of its Tag Shares, its participation in the Plan will automatically cease on the day on which the last transaction is registered in the Register.
- 7.2 Where a Participant whose participation in the Plan is partial disposes of some but not all of its Tag Shares, and the Participant does not notify the Company otherwise, the Tag Shares disposed of will, to the extent possible, be taken to be the Participant's Tag Shares other than its Plan Shares (together with such of the Participant's Plan Shares, if any, as may be necessary to make up the total number of Tag Shares disposed of).
- 7.3 No Plan Share shall cease to be a Plan Share pursuant to a transfer unless and until the transfer has been registered in the Register.

8. Operation of the Plan

- 8.1 Each cash dividend from time to time due and payable to a Participant in respect of Plan Shares will be applied by the Company on behalf of the Participant in acquiring (by subscription or transfer) the number of Tag Shares ascertained by the Company in accordance with clause 10.
- 8.2 The Company will establish and maintain a Plan account for each Participant. The Company will at each Relevant Date in respect of each Participant:
- (a) determine the amount of cash dividend payable in respect of the Plan Shares held by the Participant as at the Entitlement Date which precedes that Relevant Date;
 - (b) determine the amount of any Australian withholding tax or tax required to be remitted to the Australian Taxation Office as a result of failure by the Participant to supply a tax file number or other compulsory withholding ('Retained Tax') payable in respect of that amount of cash dividend;
 - (c) determine the maximum number of Tag Shares to be Allocated to the Participant in accordance with the provisions of clause 10;
 - (d) subscribe for, acquire or procure the subscription or acquisition, on behalf of and in the name of the Participant, of that number of additional Tag Shares and debit the Participant's Plan account with the Allocation Price; and
 - (e) Allocate that number of additional Tag Shares to the Participant and make an appropriate entry in the Register.

9. Allocation Price

Shares allocated under the Plan will be allocated at a price to be determined by the Directors, being no more than the volume weighted average market price per Tag Share (rounded to four decimal points) traded on ASX during the period of 10 trading days commencing on the second day after the Entitlement Date for the dividend in question (or such longer period as the Directors determine and announce to the ASX). In determining the volume weighted average market price per Tag Share traded on ASX, the Directors shall exclude any transaction defined in the ASX Business Rules as

'special', crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase, any overseas trades or trades pursuant to the exercise of options over Tag Shares, any overnight crossings and any other trades that the Directors consider may not be fairly reflective of natural supply and demand.

The calculation made by the Directors is binding on the Participants.

10. Number of shares to be Allocated

The number of Tag Shares to be Allocated under the Plan to any Participant at any Relevant Date shall be the number of Tag Shares which is equal to AS in the formula specified below or, where AS is not a whole number, the number of Tag Shares which is equal to the next highest whole number:

$$AS = \frac{D - T}{P}$$

Where:

- D** is the total amount of dividend that is payable in respect of all Plan Shares held by the Participant at the Entitlement Date prior to the Relevant Date in question;
- T** is the total amount of Retained Tax (if any) that is payable in respect of the dividend payable in respect of such Plan Shares;
- P** is the price per Tag Share as determined in accordance with clause 9.

11. Statement to Participants

The Company will after each Relevant Date send to each Participant a statement containing the following information:

- (a) the number of Plan Shares held by the Participant as at the Entitlement Date which precedes the Relevant Date in question;
- (b) the amount of cash dividend payable in respect of the Plan Shares held by the Participant as at that Entitlement Date;
- (c) the amount of Retained Tax (if any) which has been deducted in respect of the dividend referable to that Entitlement Date;

- (d) the number of Tag Shares Allocated to the Participant under the Plan in respect of the dividend referable to that Entitlement Date;
- (e) the price at which those Tag Shares were Allocated;
- (f) the total number of Plan Shares then held by the Participant; and
- (g) the extent to which the dividend referable to that Entitlement Date is franked for Australian income tax purposes.

12. Register of Participants

The Company shall establish and maintain a Register of Participants (which may be maintained as an adjunct to, or as additional information recorded on, the Register) in which it shall record particulars of the name and address of each Participant and the number of Plan Shares held by each Participant from time to time.

13. Shares allotted under the Plan

- 13.1 Any Tag Shares issued under the Plan will rank equally in all respects with all other Tag Shares then on issue.
- 13.2 An allotment of Tag Shares under the Plan must take place no later than 10 business days after the date of payment of the cash dividend in respect of which Tag Shares are Allocated.

14. Effecting Allocation

The Company will, within 10 business days after each Relevant Date, make an entry into each Participant's holding of the number of Tag Shares Allocated to the Participant under the Plan in respect of the dividend referable to the Entitlement Date preceding that Relevant Date.

15. Register

Tag Shares Allocated under the Plan will be registered on the register on which the Participant's Plan Shares are registered. In the event that the Participant's Plan Shares are registered on more than one register the Tag Shares Allocated under the Plan may be recorded on any of those registers unless the Participant requests otherwise.

16. Stock exchange listing

The Company will make application for any Tag Shares issued under the Plan to be listed for quotation on the official list of the ASX and any other stock exchanges on which Tag shares are listed (as applicable).

17. Cost to Participants

No brokerage, commission, stamp duty or other transaction costs will be payable by any Participant in respect of the application for and Allocation of Tag Shares under the Plan.

18. Modification, suspension, termination and reinstatement of the Plan

18.1 The Plan may be modified, suspended or terminated by the Directors at any time by giving not less than one month's notice in accordance with rule 22.

18.2 If the Plan is suspended, it may be reinstated by the Directors at any time on such conditions as they think fit by giving such period of notice as they consider appropriate (being not less than one month) in accordance with rule 22.

18.3 In the case of a modification, a Participant will be deemed to continue its participation in the Plan under the Rules as modified unless the Participant lodges with the Company a Notice of Election.

18.4 In the case of a suspension, Plan Shares will cease to be Plan Shares for the purpose of these Rules notwithstanding the entries which may appear in the Register of Participants. During the period of the suspension no Tag Shares shall participate in the Plan notwithstanding the entries which may appear in the Register of Participants from time to time.

- 18.5 If the Plan is reinstated from suspension, then subject to any determination of the Directors generally or in respect of any Participant or group of Participants relating to prior elections, any election made prior to the suspension:
- (a) for full participation will apply to all the Participant's Tag Shares upon that reinstatement (whether or not that number has changed since the suspension); or
 - (b) for partial participation will apply to the specified number of the Participant's Tag Shares upon that reinstatement (unless at the time of reinstatement the number of the Participant's Tag Shares is less than the number the subject of the prior election, in which case the Participant shall be deemed to have elected that all of the Participant's Tag Shares then held (but in the absence of a subsequent Notice of Election, no Tag Shares purchased after the reinstatement) will participate in the Plan), unless the Participant lodges with the Company a Notice of Election.

19. Governing law

The Plan, these Rules and the operation of the Plan shall be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.

20. Powers of Directors

This Plan shall be administered by the Directors who shall have the power to:

- (a) determine appropriate procedures for administration of the Plan consistent with the provisions of these Rules;
- (b) resolve conclusively all questions of fact or interpretation in connection with the Plan;
- (c) delegate to any one or more persons for such period and on such conditions as they may determine the exercise of any of their powers or discretions arising under the Plan; and
- (d) modify, suspend, terminate or reinstate the Plan in accordance with clause 18.

21. Shares over which the Company has a charge

Notwithstanding anything contained in these Rules, no amount of dividend on Tag Shares which the Company is entitled to retain or otherwise has a charge over in accordance with the Constitution of the Company or other requirement of law shall be available for the purpose of participation in the Plan.

22. Notices

22.1 Except as otherwise provided in this Plan, notice given under these Rules to:

- (a) a Shareholder or Participant may be in writing and given to the Shareholder or Participant by leaving it at or sending it by post to the Shareholder or Participant at its address set out in the Register or Register of Participants (as appropriate) or, at the Directors' discretion, may be by notice on the Company's website and to the ASX; and
- (b) the Company may be given to the Company by leaving it at or sending it by post to the registered office of the Company.

22.2 The accidental omission to give notice to a Shareholder under clause 18.1 or 18.2 will not invalidate the modification, suspension, termination or reinstatement of which notice is given.

23. Definitions

23.1 In this Plan unless the context otherwise requires:

Allocation means the issue of new Tag Shares or the transfer of existing Tag Shares to Participants under the Plan;

ASX means ASX Limited;

Company means Tag Pacific Limited
ABN 73 009 485 625;

Directors means the directors of the Company from time to time;

Eligible Member means, subject to clauses 1.2 and 1.3, a Shareholder;

Entitlement Date means the record date used by the Company for the purpose of determining entitlements to the payment of a dividend;

Notice of Election means a notice applying for, varying or terminating participation in the Plan in the form from time to time approved by the Directors;

Participant means a Shareholder which is registered as a Participant in the Plan in the Register of Participants;

Plan means the Tag Pacific Limited Dividend Reinvestment Plan incorporating the Rules, as described in this document and as modified from time to time;

Plan Shares means, in respect of a Participant, the number of that Participant's Tag Shares participating in the Plan pursuant to these Rules;

Register means the register of members of the Company;

Register of Participants means the Register of Participants referred to in clause 12 to be established and maintained by the Company in accordance with these Rules;

Relevant Date means the date after each Entitlement Date determined by the Directors as being the date at which the provisions of clause 8 will operate;

Rules means the rules governing the Plan which are set out in this document as modified from time to time in accordance with clause 18;

Shareholder means a person registered in the Register as the holder of Tag Shares, provided that for the purposes of the Plan:

- (a) each shareholding account appearing in the Register shall be taken to represent a separate Shareholder even if separate accounts in fact represent the holdings of a single person; and
- (b) if a shareholding account appearing in the Register relates to a broker's clearing account, or a trustee or nominee, and the broker, trustee or nominee notifies the Company that the relevant Tag Shares are held for a number of different persons and specifies the number of Tag Shares held for each of such persons ('Nominee Holding') (although the names of such persons need not be specified), then each such Nominee Holding shall, from the date of such notification, be taken to represent a separate Shareholder,

and references to Eligible Members and Participants, and to Plan Shares and Tag Shares held by or registered in the name of a Shareholder, Eligible Member or Participant, shall be read accordingly; and

Tag Share means an ordinary share in the capital of the Company.

23.2 In this Plan, unless the context otherwise requires:

- (a) words denoting the singular include the plural number and vice versa;
- (b) words importing a gender include any gender;
- (c) person includes a corporation and vice versa;
- (d) headings are for ease of reference only and do not affect the interpretation of these Rules;
- (e) other parts of speech or grammatical forms of a word or phrase defined have a corresponding meaning; and
- (f) any reference in these Rules to any enactment, part of an enactment or the Listing Rules of ASX includes a reference to that enactment, part or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced and, in the case of an enactment, all regulations and statutory instruments issued under it.

